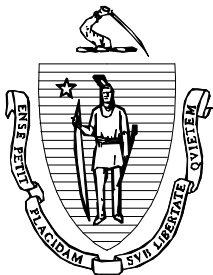

ONE YEAR ACTION PLAN

DRAFT

FISCAL YEAR 2004

One-Year Action Plan
for
CDBG, HOME, HOPWA, and ESG Funding



COMMONWEALTH OF MASSACHUSETTS

Mitt Romney, Governor

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Jane Wallis Gumble, Director

DHCD DRAFT 2004 ONE YEAR ACTION PLAN

TABLE OF CONTENTS

Introduction	1
(a) Resources Available to Respond to Consolidated Plan Goals/Needs	5
(1) Federal Resources (listed alphabetically)	5
(2) State and Other Resources (listed alphabetically)	22
Summary Table of Projected FY 2004 Housing and Community Development Activities.....	65
(b) Activities.....	68
HOME Program	68
Community Development Block Grant Program.....	68
Emergency Shelter Grants.....	69
Housing Opportunities for Persons With AIDS (HOPWA) Program.....	69
(c) Geographic Distribution of Funds	71
(d) Homeless and Other Special Needs Activities.....	72
(e) Other Actions	72
Executive Order 418.....	72
Low-Income Housing Tax Credit Activity.....	73
Removing Barriers to Affordable Housing	74
Evaluation and Reduction of Lead-Based Paint Hazards.....	78
Anti-poverty strategy.....	86
Coordination Among Providers and Agencies.....	93
Public Housing Resident Initiatives	97
(f) Program Specific Requirements.....	99
1. CDBG.....	99
2. HOME Program	152
3. Emergency Shelter Grant (ESG) Program	163
4. Housing Opportunities for Persons with AIDS (HOPWA) Program.....	165
(g) CPD Certifications.....	166
(h) Monitoring	177
CDBG	177
ESG.....	178
HOME	178
APPENDIX A.....	180
Public Comment On Draft FY 2004 Action Plan.....	180

Introduction

This 2004 One-Year Action Plan is based on the housing and community development goals set forth in the 2000 Consolidated Plan. The 2000 Consolidated Plan contains housing and community development strategies to:

HOUSING:

- expand the supply of housing, including affordable housing for low- and moderate-income households
- preserve the physical and financial viability of assisted and unassisted affordable housing
- provide affordable homeownership opportunities for low- and moderate-income households
- develop a range of housing options and services for homeless families
- provide a range of housing options and services for persons with special needs
- provide technical assistance and incentives that promote housing affordability

COMMUNITY DEVELOPMENT:

- assist municipalities with planning and technical assistance
- assist low- and moderate-income communities through individual and institutional development
- assist communities with public facilities and infrastructure improvement
- assist business development and support

For FY 2004, the Commonwealth expects to receive funding from the U.S. Department of Housing and Urban Development as follows:

* CDBG	\$38,650,000
* ESG	\$ 2,184,000
* HOME	\$17,000,000
* HOPWA	\$ 1,100,000

It should be noted that the above sums are estimates at this time. In the event that the HUD allocation is different from the amounts noted above, DHCD will modify its allocation plan and provide public notice of any changes. The use of funds from the four HUD sources noted above contributes to a coordinated and comprehensive state response to the listed goals.

This annual action plan continues to reflect the cooperative participation of the many state agency and non-profit providers who contributed to the 2000 Consolidated Plan submission. The Executive Office of Health and Human Services (EOHHS), as the state's Emergency Shelter Grant (ESG) recipient, and the Massachusetts Department of Public Health, which administers the state Housing Opportunities for Persons with AIDS

(HOPWA) funding, were instrumental in assisting the Department of Housing and Community Development in the organization and development of the One-Year Plan.

Specifically, the use of HOME, Community Development Block Grant (CDBG), and HOPWA funds responds to the priorities of Massachusetts' communities to meet the needs of preserving existing housing, and expanding the supply of housing. The specific housing and service needs of persons with HIV/AIDS will also be addressed by the HOPWA program. The Emergency Shelter Grant funding emphasizes the need to prevent homelessness, featuring a "continuum" model to move people beyond shelter and into supportive transitional and permanent housing environments. This approach supports the Commonwealth's plan for this population by combining state and federal resources to respond to the housing and service needs comprehensively, and promote greater self-sufficiency and economic stability for the homeless and near homeless population.

CDBG funds are central to the community development priorities identified in this plan. In addition to the broad range of community development projects, the program supports small business development through support of regional, revolving loan funds, and the retention or expansion of existing businesses through the Massachusetts Community Capital Fund.

CDBG funds are also being used to improve and expand infrastructure capacity in smaller communities throughout the state, and the housing rehabilitation funds are being used in many communities to revitalize older housing in established neighborhoods. HOME funds for rehabilitation also contribute to the neighborhood stabilization priority.

Consultation/Citizen Participation

The Consultation/Citizen Participation process for this One Year Action Plan is engrossed in the 2000 Consolidated Plan process. As required by Annual Plan Regulation, the 2004 Annual Action Plan notice appeared in newspapers throughout the Commonwealth on October 29, 2003. The legal notice describing the availability of the Commonwealth's Annual 2004 Action Plan Draft, its contents, and public hearing was published in newspapers of general circulation throughout the Commonwealth. The notice listed 20 locations across the state where a hard copy of the plan was available for viewing. The public comment notice clearly stated the length of the 30-day public comment period that ended November 28, 2003, where the draft plan was available for review, and the addresses to which comments should be sent, e-mailed or faxed. Notices announcing the comment period were sent to an extensive list of providers, eligible applicants, advocacy organizations, housing authorities, and local and regional entities that are or could be participants in one or more of the programs described in the plan. The One Year Action Plan Draft was mailed at the same time to the entities listed, and made available at DHCD's office in Boston. In addition the draft plan was posted on the DHCD website www.state.ma.us/dhcd, and thus made available to all the citizens of the Commonwealth.

Housing and Community Development DRAFT FY2004 One Year Action Plan

**Application for
Federal Assistance**

**U.S. Department of Housing
and Urban Development**

OMB Approval No.2501-0017 (exp. 03/31/2005)

1. Type of Submission <input checked="" type="checkbox"/> Application <input type="checkbox"/> Preapplication		2. Date Submitted	4. HUD Application Number
3. Date and Time Received by HUD		5. Existing Grant Number	
6. Applicant Identification Number			

7. Applicant's Legal Name Commonwealth of Massachusetts	8. Organizational Unit Department of Housing and Community Development		
9. Address (give city, county, State, and zip code) A. Address: One Congress Street B. City: Boston C. County: Suffolk D. State: MA 02114 E. Zip Code:	10. Name, title, telephone number, fax number, and e-mail of the person to be contacted on matters involving this application (including area codes) A. Name: Sarah B. Young B. Title: Deputy Director for Policy C. Phone: (617) 727-7765 ext. 664 D. Fax: (617) 727-5060 E. E-mail: sarah.young@ocd.state.ma.us		
11. Employer Identification Number (EIN) or SSN 99-9089540	12. Type of Applicant (enter appropriate letter in box) A A. State I. University or College B. County J. Indian Tribe C. Municipal K. Tribally Designated Housing Entity (TDHE) D. Township L. Individual E. Interstate M. Profit Organization F. Intermunicipal N. Non-profit G. Special District O. Public Housing Authority H. Independent School District P. Other (Specify)		
13. Type of Application <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Renewal <input type="checkbox"/> Revision If Revision, enter appropriate letters in box(es) <input type="checkbox"/> <input type="checkbox"/> A. Increase Amount B. Decrease Amount C. Increase Duration D. Decrease Duration E. Other (Specify)	14. Name of Federal Agency U.S. Department of Housing and Urban Development		
15. Catalog of Federal Domestic Assistance (CFDA) Number <div style="border: 1px solid black; padding: 2px; display: inline-block;">14 ---</div> Title: CDBG 14.228 ESG 14.231 Component Title: HOME 14.239 HOPWA 124.241	16. Descriptive Title of Applicant's Program HUD Community Planning Development 2004 One Year Action Plan for the Commonwealth of Massachusetts' CDBG, HOME, ESG and HOPWA programs		
17. Areas affected by Program (boroughs, cities, counties, States, Indian Reservation, etc.) Commonwealth of Massachusetts			
18a. Proposed Program start date	18b. Proposed Program end date	19a. Congressional Districts of Applicant 9th District	19b. Congressional Districts of Program 1st-10th Districts
20. Estimated Funding: Applicant must complete the Funding Matrix on Page 2.			
21. Is Application subject to review by State Executive Order 12372 Process? A. Yes <input type="checkbox"/> This preapplication/application was made available to the State Executive Order 12372 Process for review on: Date _____ B. No <input checked="" type="checkbox"/> Program is not covered by E.O. 12372 <input type="checkbox"/> Program has not been selected by State for review.			
22. Is the Applicant delinquent on any Federal debt? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes If "Yes," explain below or attach an explanation.			

Funding Matrix

The applicant must provide the funding matrix shown below, listing each program for which HUD funding is being requested, and complete the certifications.

Grant Program*	HUD Share	Applicant Match	Other HUD Funds	Other Federal Share	State Share	Local/Tribal Share	Other	Program Income	Total
CDBG	\$38,650,000								\$38,650,00
ESG	\$2,184,000								\$2,184,00
HOME	\$17,000,000								\$17,000,00
HOPWA	\$1,100,000								\$1,100,00
Grand Totals	\$58,934,000								

* For FHIPs, show both initiative and component

Certifications

I certify, to the best of my knowledge and belief, that no Federal appropriated funds have been paid, or will be paid, by or on behalf of the applicant, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress, in connection with the awarding of this Federal grant or its extension, renewal, amendment or modification. If funds other than Federal appropriated funds have or will be paid for influencing or attempting to influence the persons listed above, I shall complete and submit Standard Form-LLL, Disclosure Form to Report Lobbying. I certify that I shall require all sub awards at all tiers (including sub-grants and contracts) to similarly certify and disclose accordingly.

Federally recognized Indian Tribes and tribally designated housing entities (TDHEs) established by Federally-recognized Indian tribes as a result of the exercise of the tribe's sovereign power are excluded from coverage of the Byrd Amendment, but State-recognized Indian tribes and TDHEs established under State law are not excluded from the statute's coverage.

This application incorporates the Assurances and Certifications (HUD-424B) attached to this application or renews and incorporates for the funding you are seeking the Assurances and Certifications currently on file with HUD. To the best of my knowledge and belief, all information in this application is true and correct and constitutes material representation of fact upon which HUD may rely in awarding the agreement.

23. Signature of Authorized Official		Name (printed) Jane Wallis Gumble	
Title Director, Department of Housing and Community Development			Date (mm/dd/yyyy)

(a) Resources Available to Respond to Consolidated Plan Goals/Needs

(1) Federal Resources (listed alphabetically)

Community Development Block Grant (CDBG).....	5
Community Services Block Grant (CSBG)	6
Continuum of Care.....	7
Emergency Shelter Grants (ESG)	10
Federal Home Loan Bank of Boston (FHLBB)	11
HOME.....	12
Housing Opportunities for Persons with AIDS (HOPWA)	13
Low Income Home Energy Assistance Program (LIHEAP)	14
Low Income Housing Tax Credit Program (LIHTC)	15
HUD Foreclosed Property Disposition Demonstration Program	15
Section 8 Contract Administration	15
Section 8 Rental Assistance	16
Section 811.....	17
USDA Rural Development	18
Weatherization Assistance Program (WAP)	20
Workforce Investment Act.....	20

Community Development Block Grant (CDBG)

Administered by the Department of Housing and Community Development, the Massachusetts Community Development Block Grant program provides federal funds on a competitive basis to municipalities that have populations under 50,000 and are designated as HUD non-entitlement areas. Communities may apply for a variety of projects including the rehabilitation/stabilization of housing stock, improvements to aging infrastructure, stabilization of neighborhoods and assistance to small businesses for job creation. In Federal FY 2004, the Massachusetts CDBG Program will receive approximately \$38,650,000 from HUD. Based on past demand, approximately 40 percent will be awarded from the Federal FY 2004 allocation to support the rehabilitation of 600 affordable housing units. Applications requesting funds are evaluated in an annual competition through the Community Development Fund (CDF) component of the CDBG Program (*See more discussion under (b) Activities and (f) Program Requirements.*

The Housing Development Support Program (HDSP) component of the state's CDBG program assists with the creation, preservation and improvement of specific affordable housing projects, which principally benefit low- and moderate-income families. Neighborhood stabilization and expanding the supply of affordable housing remain the primary goals of HDSP. The program provides "gap financing" to make projects feasible. In FY 2004, \$5,000,000 will be available for HDSP and funds will be distributed on a competitive basis. Eligible activities include: rehabilitation; homeownership;

reclamation of abandoned/foreclosed properties; related infrastructure; and conversion of under-utilized and obsolete structures.

The Business Development Fund, comprised of the Massachusetts Community Capital Fund (MCCF) and the Ready Resource Fund (RRF), offers financing solutions to meet the needs of businesses which retain and/or create low- and moderate-income jobs, strengthen the local tax base, support revitalization efforts and enhance the quality of life in the community. These program components fund a broad range of economic and community development projects, including: assistance to non-profits and for-profits including small businesses and microenterprise; loans – or loan/grant combinations - for working capital, machinery and equipment, or other business improvements; pre-development studies; economic development planning projects; and public facilities, infrastructure, or public services supporting economic development. Funds can be used by a community or its subgrantee to assist economic development projects with planning, design and engineering, construction, rehabilitation, purchase of machinery and capital equipment, working capital, credit refinancing, incumbent workforce training, real estate acquisition, or public services programs. In FY 2004, \$2,380,000 will be available for the Business Development Fund.

Further information regarding the CDBG program may be obtained by calling DHCD, Division of Community Services, at (617) 727-7001.

Community Services Block Grant (CSBG)

The Department of Housing and Community Development, through the Division of Community Services, administers Community Services Block Grant (CSBG) funds, which provide an array of services and activities to support the reduction of poverty, the revitalization of low-income communities, and the empowerment of low-income families and individuals to become self-sufficient. There are 25 community-based nonprofit entities designated by the Director of the Department of Housing and Community Development that serve as community action agencies (CAAs) in Massachusetts. The federal government annually appropriates CSBG funds to the state, which DHCD in turn allocates to the CAAs. In FY 2004, the CSBG allocation is anticipated to be \$16,019,121. CAAs use CSBG funds to plan and implement a wide range of social service programs such as self-sufficiency, housing assistance, child care, youth and family development, teen pregnancy prevention, elderly services, educational programs, emergency services, income management, employment training, energy assistance, domestic violence prevention, health services, rural transportation, small business development, and nutrition assistance. See also, (e) *Other Actions, Anti-poverty Strategy* for more information. For more information, please contact the Department of Housing and Community Development, Division of Community Services, at (617) 727-7004.

Community Services Block Grant Discretionary Funding

During the fiscal year 2004, the Division of Community Services will identify several priority categories in which CSBG Special Projects funding will be directed. Identification of priority categories will occur in coordination with the Massachusetts Community Action Programs Directors' Association (MASSCAP).

In addition, discretionary funds will be awarded on a rolling basis for projects that address specific priority areas. Categories taken into consideration include Affordable Housing, Homelessness Prevention, and Education.

Priority categories identified to date are:

- Affordable Housing
- Children/Youth Development
- Homelessness Prevention
- Hunger Prevention
- Education
- Other (Professional Development, Research Analysis)

The Director, at her discretion, will also provide financial and technical assistance grants to support a variety of anti-poverty and economic development activities that promote family self-sufficiency. As a matter of course, discretionary funds have been awarded to community action agencies, as well as other community based nonprofit agencies, for start-up projects rather than multi-year funding.

Community Services Block Grant Special Projects Awards for FY 2004 will be announced as the Department approves them.

Continuum of Care

The Commonwealth of Massachusetts operates a wide variety of transitional and permanent Supportive Housing and Shelter Plus Care programs for homeless families and individuals with disabilities with federal McKinney funds. Massachusetts state agencies, led by the Department of Transitional Assistance (DTA) and the Executive Office of Health and Human Services (EOHHS) and the Department of Housing and Community Development (DHCD), together with numerous community-based organizations, provide housing and support services to meet the critical housing and health needs of our citizens with disabilities. The following is a summary of the programs that received federal McKinney funds in the past three years.

2000

1. Somerville Homeless Coalition, Inc. was awarded \$263,485 in SHP funding to develop a Permanent Housing for Persons with Disabilities program designed to address the critical and unmet special needs of homeless young adults (aged 18-24) in recovery from substance abuse. The "Sobriety and Stability" Program (hereinafter "S&S") provides permanent housing and supportive services, including essential relapse prevention services, for homeless young adults who are particularly prone to substance abuse relapse and a return to homelessness during the first 2-3 years of recovery. At full capacity, S&S provides housing for 10 young adults ages 18-24.
2. The Department Of Mental Health (DMH) and the Department Of Public Health, Bureau Of Substance Abuse Services (DPH/BSAS) were awarded

\$1,323,749 for two years of renewal funding for the Aggressive Treatment and Relapse Prevention program (ATARP). DMH and DPH have collaborated over the past several years planning, developing and jointly managing ATARP, a supported housing program designed to permanently house and support up to 60 homeless households (55 individuals and 5 families) diagnosed with co-occurring psychiatric and substance abuse disorders. ATARP operates statewide through contracts with qualified service providers skilled in substance abuse and mental illness. Each program has capacity to provide screening and evaluation, housing placement and continuing support services to strengthen their recovery and independence.

3. The Department of Housing and Community Development (DHCD) was awarded \$813,853 in renewal funding for the Scattered Site Transitional Apartment Program (SSTAP) for one year to provide housing and services to 39 families. One of the greatest needs identified by the Department of Social Services (DSS) in helping families who are displaced by domestic violence is for transitional housing that provides families with the necessary economic and life skills to establish a pattern of long-term stability and independence. SSTAP, which was developed to meet this need, was originally funded through the FY'95 SuperNOFA. This project has served over 180 families who received an array of services including counseling, job training, budget management, and other life skills that enabled most families to move on to permanent housing and live free of partner violence. Due to the success of this program, the Commonwealth of Massachusetts created SSTAP II, an additional 40 units of transitional housing with 100% state funding in 1998. SHP funding will continue to support 39 scattered site housing units (apartments) and related supportive services to assist homeless families who are the victims of domestic violence move along the Continuum of Care.

4. The Department of Public Health/Bureau of Substance Abuse Services (DPH/BSAS) was awarded \$1,049,999 in Supportive Housing Program renewal funding for one year to maintain the Homeless Substance Abuse Initiative (HSAI). Funding is utilized to maintain 44 residential recovery beds and services per day specifically for homeless clients, serving a total of 200 homeless individuals per year statewide. Emergency shelter providers, homeless advocates, and treatment providers identify persons with chronic alcohol and other drug problems as representing a significant sub-population prevalent and underserved within emergency homeless shelters.

5. The Department of Social Services (DSS) was awarded one year of renewal funding in the amount of \$174,335 for the Transition to Home Program to serve an additional 72 homeless families. Transition to Home is a short-term rental assistance housing search program for battered women and their children. By offering women the housing search assistance to locate safe, appropriate housing and providing funds to assist in securing an apartment (i.e. first or last month's rent and other moving related expenses), the Department has been able to aid battered homeless women and children in their transition from emergency shelter to permanent housing. The provision of housing search assistance and six month follow-up services has helped to ensure that families do not become

homeless again during the difficult early months in permanent housing. Through this statewide program, over 100 families have received this vital service and are now permanently housed.

6. The Department of Transitional Assistance (DTA) in conjunction with the Mass Shelter and Housing Alliance was awarded \$492,818 for one year to serve 700 individuals in HUD SHP renewal funding for the Mobile Resource Team (MRT), a supportive service only project. MRT assists eligible homeless single adults to become financially self-sufficient and secure permanent housing. This goal is achieved by helping homeless individuals obtain permanent employment or enter training/education programs that will lead to employment, and by providing homeless individuals with housing search, rental assistance and up to six months of stabilization services.

7. The Massachusetts Rehabilitation Commission (MRC) was awarded \$210,000 for one year of renewal funding for the Supported Living Program (SLP). SLP is an important and innovative program that will continue to provide case management supports to 20 homeless persons with multiple disabilities who need, but cannot independently manage, personal care assistance services. Experience with this program over the last five years has demonstrated that this population can transition successfully to permanent housing with appropriate supports including case management services.

8. The Department of Public Health (DPH), in collaboration with the Massachusetts Housing and Shelter Alliance (MHSA), was awarded for \$478,655 for one year of SHP Transitional Housing renewal funding to provide Post-Acute Treatment Services (ATS), Pre-Residential Recovery Services (RRS) to 400 individuals. Services will be provided throughout the Commonwealth and will include substance abuse assessment, coordination of substance abuse treatment, psycho-educational counseling, intensive case management and relapse prevention. The program is designed to serve chronically homeless men who experience multiple detoxification admissions each year and need to develop basic life skills to be eligible for Residential Recovery Services or at least 3 months sobriety to be eligible for other sober transitional or supportive housing programs. (RRS are structured, licensed residential treatment programs that support recovery from substance abuse and encourage movement toward independent living for homeless and non-homeless adults.) This initiative served as a model for the creation of the Transitional Support Services (TSS) program in the BSAS continuum of care supported totally with state funds.

2001

In addition to receipt of renewal funding for Proyecto Opciones, Aggressive Street Outreach, Scattered Site Transitional Apartment Program, Greater Boston Mobile Stabilization team, Mobile Resource Team, Transition to Home, and Post Acute Treatment Services/Pre-Residential Recovery Services (all Supportive Housing Programs) and the Greater Boston Sponsor-Based Shelter Plus Care (Shelter Plus Care Program), the Commonwealth requested and received funding to develop the *Community Housing Initiative*. The Community Housing Initiative is the first permanent supportive housing in a comprehensive continuum of care model for families consisting

of homeless disabled women and their children affected by domestic violence to be housed in clustered and accessible buildings in the city of Chelsea.

2002

In addition to the successful renewal of the program listed below, in the 2002 round of funding for its McKinney Continuum of Care programs, the Commonwealth, in collaboration with the Massachusetts Sober Housing Corporation requested and received \$525,000 to develop *Sober Housing* for sixty individuals in two locations: southeastern Massachusetts (Plymouth) and Greater Boston (Chelsea). The sober houses follow the successful Oxford House model, wherein the homes are self-run, self-governing, and self-sufficient, with members responsible for employment, self-care, and supporting each other to develop a lifestyle free of alcohol and/or drug use.

<u>Supportive Housing Renewals</u>	<u>FY02 Funding</u>
Scattered Site Transitional Apartment Program	\$ 852,297
Greater Plymouth Area SHP	\$ 42,000
Proyecto Opciones	\$ 195,004
Homeless Substance Abuse Initiative	\$1,049,999
Mobile Resource Team	\$ 509,284
Aggressive Street outreach	\$ 441,336
Greater Boston Mobile Stabilization Team	\$ 201,894
Post ATS/Pre RRS	\$ 478,652
Transition to Home	\$ 183,052
 <u>Shelter Plus Care Renewals</u>	 <u>FY02 Funding</u>
Greater Boston Tenant Based	\$ 916,176
Brookside Terrace	\$ 169,560
Greater Boston Sponsor Based	\$ 683,904

Emergency Shelter Grants (ESG)

The Commonwealth of Massachusetts has designated the Department of Transitional Assistance to manage the distribution of federal ESG funds to assist homeless programs and communities across the Commonwealth. In FY2003, \$2,245,000 was made available to provide emergency shelter, case management support for homeless families and individuals, tenancy preservation programs, substance abuse counseling, housing search, job training, and services to homeless ex-offenders, battered women and veterans. A reduced allocation of \$2,184,000 was awarded in FY04. Approximately 2,500 individuals and families were served. (See more discussion under (b) 3 "Activities" on page 55 and (f) 3 "Program Specific Requirements" beginning on page 147. For

more information about ESG-supported programs, please contact the Department of Transitional Assistance at (617) 348-5627.

Federal Home Loan Bank of Boston

The Federal Home Loan Bank of Boston ("the Bank") is a central bank for housing finance in the six New England states. Institutions eligible for membership include savings banks, savings and loans, cooperative banks, commercial banks, and credit unions. Member institutions are sole customers and stockholders of the Bank and primary originators of home mortgages in New England. The Federal Home Loan Bank system is a national network of 12 regional, member-owned banks. The system was created by Congress to promote housing by providing services to financial institutions that commit a significant portion of their assets to home-mortgage loans.

Affordable Housing Program

The Bank's Affordable Housing Program (AHP) continues to be an important source of financing for affordable housing in Massachusetts and throughout New England. The Bank allocates 10 percent of its yearly net profits to a subsidy pool that provides discounted loans, and in some cases, grants, to member institutions. Last year, approximately \$7.1 million in competitive AHP funds provided funding to 25 projects. Next year, the Bank will allocate approximately \$9.76 million to the AHP. Members use these funds to support initiatives to develop and preserve affordable rental or ownership housing within their communities. AHP funds are awarded in two competitive application rounds held in the spring and fall each year. Awards must benefit households earning at or below 80 percent of the area median income. Next year's application deadlines are April 30 and October 11.

Equity Builder Program

As part of the AHP program, the Bank in 2003, set aside \$1.2 million for the Equity Builder Program (EBP). The EBP program offers members grants to provide income-eligible buyers with down-payment, closing costs, and rehabilitation assistance, as well as to offer matched-savings programs. Member banks may submit applications for the 2004 EBP program on March 1, 2004.

Community Development Advance

The Bank also offers members a discounted loan program for housing, community-economic development, and mixed-use initiatives. In return for favorable rates, members agree to use CDA funds to support projects that meet the program guidelines. No limit has yet been established in 2003 for the CDA program, as the amount of funding distributed will depend on the number of qualifying projects that apply. Eligible uses of funds include development of affordable ownership or rental housing benefiting households with incomes at or below 115 percent of the area median. Commercial, mixed-use, and economic-development projects may also be funded, provided they benefit households or neighborhoods where incomes are at or below 100 percent of median.

For more information on any of these housing programs, contact the Federal Home Loan Bank of Boston's Housing and Community Investment Department at (617) 292-9677 or (617) 292-9646, or visit www.fhlbboston.com/communitydevelopment/fundingprogram

HOME

HOME Investments Partnership Act (HOME):

As HOME's administering agency, DHCD expects to receive an additional allocation of approximately \$17,000,000 in federal FY 2004. DHCD intends to continue awarding the majority of its HOME funds competitively, with priority being given to projects located in municipalities not receiving HOME funds directly from HUD. DHCD will administer two HOME program types: multi-family rental housing loans and homebuyer assistance.

Multi-Family Rental Housing Loans:

DHCD expects to commit approximately \$10 million to rehabilitate or newly construct a minimum of 225 HOME-assisted housing units. Typically, DHCD awards up to \$50,000 per unit in HOME assistance to projects located in HOME entitlement or consortium communities. In non-entitlement or consortium communities, DHCD awards up to \$65,000 per unit. Typically, a maximum of \$750,000 is awarded to a project.

DHCD intends to make up to \$2 million of the \$10 million of HOME funding on a rolling basis to assist suburban cities and towns in facilitating the new production of affordable rental properties through the Suburban Rental Development Pilot Production Program. The pilot program will provide intensive technical assistance from the Massachusetts Housing Partnership Fund (MHP), pre-development funding through DHCD and MHP and permanent financing from DHCD and MHP. The community also must contribute to the project, but no additional capital subsidy sources will be permitted.

Homebuyer Assistance:

DHCD expects to award approximately \$4.3 million dollars in project based homebuyer funds to construct or rehabilitate approximately 78 single-family homes for sale to eligible first-time homebuyers through this program. Typically, a maximum of \$750,000 is awarded to a project. This year, DHCD has changed from reviewing applications during semi-annual Funding Rounds to a rolling review process. DHCD has committed to provide developers with an early read on their projects while still in the conceptual stage. Afterward, the developers will then prepared detailed plans, obtained all needed approvals and other financing before submit a complete application to DHCD for funding. We believe this process will eliminate the timing problem that our developers faced when we were only open twice a year.

DHCD also expects to award approximately \$1 million in purchaser-based homebuyer funds to provide down payment/closing costs assistance to 200 eligible buyers. Typically, a maximum of \$250,000 is awarded to eligible applicants.

The resources for the HOME match continue to be the state-funded Massachusetts Rental Voucher Program and the state's Housing Stabilization Fund (both described in this section of the plan). Annual expenditures through these two programs alone are approximately \$45 million. Since states are allowed to "bank" match, that expenditure

level would constitute match -- calculated at 25 cents (\$0.25) on the HOME dollar (\$1.00) -- for many years. For more information please contact the Department of Housing and Community Development at (617) 727-7824.

Housing Opportunities for Persons With AIDS (HOPWA)

The Commonwealth's Department of Public Health (DPH) supports three programs with the HOPWA funds it receives from the federal government. Additional discussion of the state's HOPWA allocation appears in (c) Activities and (g) Program Requirements. The three programs funded with the state's allocation of HOPWA funds are briefly described below.

Funding levels and priorities are reviewed on a regular basis and are subject to change based on federal award amounts and programmatic priorities. If changing circumstances require DPH to select additional projects and/or sponsors, then DPH's AIDS Bureau will identify and select such projects or sponsors through its established procedures for purchase of services. Similarly, if changing circumstances require a reduction in funding or funded programs, decisions will be made based on established procedures and in consultation with the Statewide HOPWA Advisory Committee (SHAC). Final decisions will be made by the AIDS Bureau based on the availability of all funding sources and the configuration of services throughout the state.

Tenant-Based Rental Assistance (TBRA) Program:

The Justice Resource Institute (JRI) administers TBRA through its Assisted Living Program. TBRA is a statewide program that provides over 130 rental subsidies from DHCD (Sec. 8s, now called Housing Choice Vouchers) to individuals and families with HIV/AIDS. The program is managed through a computerized application process that can be accessed through a statewide toll-free number, 1-800-201-8282. Participants in TBRA receive outreach, housing search, and case coordination services to assist them to establish successful lease-ups and stable tenancies.

The HOPWA and state funding for this program is \$298,470 for FY 04.

Rental Assistance Programs: Homeless Prevention Program (HPP) and Rental Start-up Program (RSP):

The Homeless Prevention Program (HPP) provides emergency and short-term rental assistance to people with HIV/AIDS who reside anywhere in Massachusetts. Assistance may be used to pay back-rent to prevent eligible households from being evicted for non-payment of rent. It may also be used to help households pay the rent for a short period of time while they seek the means to afford their current housing on an ongoing basis or while they seek affordable housing elsewhere.

The Rental Start-up Program (RSP) provides first month's rent, last month's rent, security deposit, or agent's fee to households that are moving into subsidized housing or into affordable units in the private market anywhere in Massachusetts.

The state has committed \$400,000 in its formula HOPWA funds to these programs. The programs are statewide but are coordinated with HPP and RSP programs funded

through the City of Boston with its formula HOPWA and Ryan White Title I funding respectively. The AIDS Action Committee (AAC) administers the programs (with the state's HOPWA and the city's HOPWA and Ryan White funding

Foley House

Ten units for people with HIV/AIDS in an alcohol- and drug-free setting. This is a congregate living program that provides case management and 24-hour support. This is a program of the AIDS Support Group of Cape Cod (ASGCC) and the Provincetown Housing Authority. This program is funded at \$189,856.

Julie House

Ten units for people with HIV/AIDS in an alcohol- and drug-free setting. This is a congregate living program that provides case management and 24-hour support. This is a program of Catholic Charities of Merrimack Valley. This program is funded at \$211,825.

It is important to note that the EMSA (Eligible Metropolitan Statistical Area) of the city of Providence, Rhode Island, which became eligible for a formula HOPWA grant in 1998, includes eight cities and towns in Southeastern Massachusetts including Fall River. Providence decided to pass a proportionate amount of its HOPWA grant to the city of Fall River to fund activities in and for those eight cities and towns. There are two funded activities supported with these HOPWA funds: a program called A Movable Feast, based in Fall River, that provides meals to people with HIV/AIDS; and a part-time position at Project CARE at SSTAR (Stanley Street Treatment and Resources in Fall River) that provides transitional case worker services in conjunction with the Next Step Home, a housing program in the Fall River area. These funded activities were designed to work in conjunction with the statewide programs funded by Massachusetts' formula HOPWA grants as described above (TBRA, HPP & RSP).

Additional information about the state's use of its HOPWA funds can be obtained by calling the HIV/AIDS Bureau of the Massachusetts Department of Public Health at (617) 624-5300.

Low Income Home Energy Assistance Program (LIHEAP)

The Department of Housing and Community Development's Division of Community Services administers approximately \$70 million annually to assist low-income households in meeting the high costs of home heating. Approximately 136,000 households will be assisted in federal FY 2004. Within the LIHEAP funds, \$5.5 million will be set aside in FY 2004 for the *Heating Emergency Assistance Retrofit Task Weatherization Assistance Program (HEARTWAP)*. These funds provide for a comprehensive heating system repair and replacement program for low-income (LIHEAP-eligible) households. This emergency-based program will serve approximately 10,000 households between October 1, 2003 and September 30, 2004.

A network of local subgrantee agencies, covering every community in the Commonwealth, manages these programs. These programs serve to help maintain affordable housing by making energy costs more manageable for low-income residents.

For additional information about these programs, call the Department of Housing and Community Development, Division of Community Services, at (617) 727-7004.

Low-Income Housing Tax Credit Program (LIHTC)

In Massachusetts, DHCD is the allocating agency for federal low-income housing tax credits. Activities of the LIHTC are discussed in (e) *Other Actions*. For more information, please contact the Department of Housing and Community Development at (617) 727-7824.

MassHousing

HUD Foreclosed Property Disposition Demonstration Program ("Demo Dispo"):

In 1994, as part of a national demonstration program, MassHousing assumed asset management responsibilities for HUD's inventory of foreclosed multifamily properties in Boston. This encompassed eleven developments representing 2,193 units of physically-distressed housing located in the Roxbury, Dorchester, and South End neighborhoods of Boston. In addition to this oversight role, MassHousing was charged with the responsibility to plan for the disposition and transfer of ownership of these properties to new entities formed or selected by the properties' resident associations. This resident-centered process also involved the redesign, rehabilitation, and, where necessary, the demolition and reconstruction of these properties. As HUD's agent, MassHousing is managing a capital budget in excess of \$268 million, with project-based, 15-year Section 8 Property Disposition funds providing rental assistance and operating subsidies. It is projected that this redevelopment program will be substantially completed in calendar year 2003, with the final phases being completed in 2004. To date, 1,570 of the 1,850 units to be produced by the program have been completed and re-occupied.

Central to this housing rehabilitation and preservation program is an economic development agenda designed to create business and employment opportunities for community businesses and residents. As of June 30, 2003, the following results have been achieved:

Construction Contract Awards -- \$268 million awarded to date

Local Businesses	Minority-owned Business Enterprises	Women-owned Business Enterprises
52%	46%	8%

Construction Workforce Hours – 1.9 million hours worked to date

Local Workers (non-DD residents)	Demo Dispo Resident Workers	Minority Workers	Women Workers
31%	6%	50%	4%

Section 8 Contract Administration:

On July 1, 2000, HUD executed a contract with MassHousing to delegate to MassHousing Section 8 contract administration responsibilities. The total activity in this

first year was 342 contracts representing 23,498 housing units in Massachusetts. This action is part of HUD's strategy to devolve certain of its functions to the states. An additional 48 contracts were assigned by HUD on July 1, 2001. MassHousing has a proven track record in providing this service to HUD, as seen in its existing contract administration of 185 such developments accounting for 22,000 units in MassHousing's permanently-financed portfolio.

Section 8 Rental Assistance:

DHCD administers 18,441 units of Section 8 tenant-based rental assistance and 1,338 units of Section 8 Moderate Rehabilitation housing for a total Section 8 portfolio of 19,779 units. In 1998, DHCD issued a Request for Responses (RFR), seeking the services of qualified housing agencies to administer its portfolio of Section 8 subsidies in eleven regions, which cover all cities and towns within the Commonwealth. DHCD used this RFR to articulate its current goals for statewide administration of this program. Its three primary goals include: (1) A family self sufficiency program integrated into multiple aspects of a Section 8 delivery system; (2) a Section 8 program that maximizes housing choice and mobility options for program participants; and (3) a Section 8 program that benefits communities by actively supporting rental property owners and tenants, and assuring fair rent for good quality housing. Eight regional non-profit housing agencies were selected to administer DHCD's Section 8 program, three of which cover two regions apiece. Under Executive Order 285, the Lynn Housing Authority will continue to administer all DHCD Section 8 subsidies used in the city of Lynn, MA.

In 2003, DHCD's Section 8 portfolio increased as follows:

- \$213,120 to support 24 Preservation units for the Bay Village development in Fall River, MA.
- \$286,538 to support 38 Family Unification Program (FUP) units (awarded by HUD in FFY 2002).
- For several years prior to the last quarter of calendar year 2002, DHCD voucher holders continued to experience a very difficult time locating affordable housing that could be used with their voucher. To achieve maximum voucher utilization, DHCD regional administering agencies were instructed by DHCD with HUD encouragement to over-issue voucher based on utilization success rates from previous quarters. Quite unexpectedly, DHCD's voucher utilization increased rapidly beginning in October 2002, as the rental housing market loosened significantly as a consequence of the recession. While rents did not drop precipitously, rental vacancies became widely available and Section 8 voucher holders from around the Commonwealth experienced a much easier time leasing units with their voucher. By the beginning of calendar year 2003, DHCD found that it was over-leased and on track to become even more over-leased. In February 2003, DHCD had to regrettably return 1,900 applicants recently selected to be issued a voucher back on the waiting list. Governor Romney made a special request to HUD Secretary Martinez to provide DHCD with an additional 1837 vouchers to alleviate our over-leasing status, but to no avail. DHCD does not expect that it will be able to issue any vouchers until the end of calendar year 2004.

The Department of Mental Retardation Voucher (DMRV) Program

In response to a request from the Department of Mental Retardation (DMR), DHCD has set-aside 144 Section 8 vouchers to provide housing opportunities to DMR clients. DMR had recently settled two class action lawsuits, *Rolland v. Cellucci* and *Boulet v. Cellucci*, in which DMR agreed to provide community placements for over 3,000 individuals with mental retardation and developmental disabilities over the next seven years. DMR will provide all program participants with supportive services as needed.

Housing Options Program (HOP):

Currently provides 345 vouchers to homeless disabled persons. At the request of the participating Commonwealth human service agencies and because of the success of this program, DHCD voluntarily increased the original HUD appropriation of 175 vouchers for this special initiative by an additional 135 vouchers. An additional 100 vouchers have been allocated to the Tenant Based Rental Assistance Program for Persons with AIDS (TBRA AIDS) at the request of the AIDS Bureau. HOP is a collaboration of DHCD and multiple human service agencies including: EOHHS, DMH, DPH (Substance Abuse and AIDS Bureaus), DMR and MRC. Each collaborating agency serves on the HOP Interagency Team (IAT) which meets quarterly to discuss policies, operations, financial issues and to streamline the leasing process. JRI Health, the lead service agency selected by DMH through an RFP process, works with a designated DMH HOP staff person to coordinate the IAT meetings. The subsidies are allocated by disability with preference given to disabled persons in transitional housing and shelters/streets. The allocations of these subsidies changes periodically based on the needs of the disabled groups served, and the service provider's ability to financially support and efficiently use the allocated subsidies

The Department of Mental Health Voucher Program (DMHVP)

In response to a request from the Department of Mental Health (DMH), DHCD has set-aside 125 Section 8 vouchers to provide housing opportunities to DMH clients. This collaboration is also related to the Commonwealth's *Olmstead* planning process. DMH will provide all program participants with supportive services as needed.

The Independent Living Program (ILP)

In response to a request from the Massachusetts Rehabilitation Commission (MRC), DHCD has set-aside (130) Section 8 vouchers to provide housing opportunities to persons with disabilities receiving services from MRC. This collaboration is also related to the Commonwealth's *Olmstead* planning process. MRC will provide all program participants with supportive services as needed.

For more information contact DHCD's Bureau of Federal Rental Assistance programs at (617) 727-7130 ext. 655.

Section 811:

Since 1992 DPH's AIDS Bureau made several commitments to support a number of applications for supportive residences for people with HIV/AIDS. Among them have been:

1. *The Joy Street Residence*: a 20-unit program of the AIDS Action Committee (AAC) and Rogerson House located in new construction on Beacon Hill in Boston. The AIDS

Bureau has a contract with AAC to fund (with state dollars) the supportive services for this program, which opened in 1995. (Note: this project was originally called the “Peter Fanueil House” in its 811 application and in the state’s Consolidated Plan in 1995.)

2. *The School Street Community*: a 12-unit program of the Vinfen Corporation located in a rehabilitated structure near the line between Jamaica Plain and Roxbury in Boston. The AIDS Bureau has a contract with Vinfen to fund (with HOPWA dollars) the supportive services for this program, which opened in 1998. (Note: this project was originally called the “Ellen James” project in its 811 application and in the state’s Consolidated Plan in 1995.)

3. *The Robert McBride House*: a 16-unit program of Catholic Charities of the Archdiocese of Boston located in new construction in the Fenway, a neighborhood of Boston. The AIDS Bureau has a contract with Catholic Charities to fund (with state dollars) the supportive services for this program, which opened in early 1999. (Note: this project was called “St. Cecilia’s AIDS Housing” in its original 811 application.)

The AIDS Bureau will continue to make every effort to assist non-profit agencies that provide AIDS services in their applications for 811 funding in order to facilitate the leveraging of federal funds into Massachusetts for HIV/AIDS housing programs. However, the continuing ability of the AIDS Bureau to make advanced commitments to such applications (contingent on the success of the applications) remains very limited. The AIDS Bureau expects level state funding—or, at best, only modest increases—for its housing programs during the foreseeable future; it continues to expect only limited increases in its annual formula HOPWA grants; and it must plan for possible reductions in funding from other sources, such as McKinney Supportive Housing Program and Shelter Plus Care. Nevertheless, despite such challenges, the AIDS Bureau will continue to assist those agencies that are interested in applying for 811 funding for HIV/AIDS housing programs.

USDA Rural Development

U.S. Department of Agriculture (USDA) Rural Development mission area was created in 1994 as a result of the USDA reorganization. USDA Rural Development consists of three services: Rural Housing Service (RHS), Rural Utilities Service (RUS) and the Rural Business Service (RBS). Our *Vision* is to provide reasonable and cost effective venture capital and provide technical assistance to rural America. Increasing economic opportunity, improving the quality of life and responsive to customer needs are the mission of Rural Development.

Rural Housing Programs:

RHS programs help finance safe, sanitary housing for rural Americans of low- to moderate-income levels in rural communities with populations of under 20,000. Programs consist of single family homeownership, development of multiple family/elderly rental units, and home improvement for existing homeowners.

There are two (2) types of single-family homeownership loans: direct or guaranteed. The purpose is to provide financing with little or no down payment at favorable rates and

terms either through a direct loan from RHS or a guaranteed loan through a private financial institution. Over \$13.3 million was funded in Fiscal Year 2003 providing 95 units of single family housing. For Fiscal Year 2004 (10/1/03-9/30/04), funding levels are as estimated as follows:

- Over \$11.0 million will be available for Section 502 direct loans.
- \$4.0 million for Rural Housing guaranteed loans.

Multifamily Housing Programs (MFH) provides for the development, repair and subsidies of low income rental housing complexes. There are currently seventy-nine elderly and non-elderly apartment complexes representing 2,380 units of subsidized housing. For Fiscal Year 2004 (10/1/03-9/30/04), funding levels are as estimated as follows:

- A national allocation of \$65 million in Direct Section 515 funding.
- \$100 million of guaranteed Section 538 Rural Rental Housing loan funds.

Home improvement loans and grants help elderly and low income homeowners remove health and safety hazards, such as failing septic systems, contaminated wells and leaking roofs, to name a few. Over \$345,000 was funded in Fiscal Year 2003 providing repairs and renovation to 66 units of single family housing. For Fiscal Year 2004 (10/1/03-9/30/04), funding levels are as follows:

- \$212,000 for Section 504 single-family repair loans and \$250,000 for Section 504 single-family grants.
- Housing Preservation Grant (HPG) funding will also be available in an amount similar to prior year's levels of \$40,000 for use by eligible non-profit organizations and municipal entities to fund a repair or rehabilitation program on a local level.

The MFH and HPG programs are formally announced through a Notice of Funding Availability (NOFA). All of these programs strongly encourage and sometimes require leveraging of funds with other organizations.

Community Facilities Program:

RHS can make direct or guaranteed Community Facility loans and grants in rural towns with a population of up to 20,000. These loans and grants can be used for essential community facilities such as health care clinics, hospitals, municipal facilities, and adult and child day care facilities. Funding may also be provided for fire and rescue vehicles and public safety equipment. Eligibility is available to towns, municipal districts and not for profit organizations with over \$18.2 million in assistance provided in FY 2003. For Fiscal Year 2004 (10/1/03-9/30/04), funding levels are estimated as follows:

- \$1.9 million will be available for direct Community Facilities loans.
- Over \$90,000 will be available for grants.
- Over \$1.3 million will be available for guaranteed loans through local banks.

Rural Utilities Programs:

The RUS promotes economic development in rural areas of 10,000 persons or less through the Water and Waste Disposal Loan and Grant Program. Eligible projects include public water and waste water treatment facilities. Funding may also be provided for solid waste management, telecommunications and electrical generating facilities.

Eligibility is available to towns, municipal districts and not for profit organizations with over \$11.2 million in assistance provide in FY 2003. For Fiscal Year 2004 (10/1/03-9/30/04), funding levels are estimated as follows:

- \$7.0 million will be available for direct loans.
- \$3.5 million will be available for grants
- Over \$800,000 will be available for guaranteed loans.

Rural Business Programs:

The RBS provides guaranteed Business and Industry (B&I) loans to rural businesses located in communities of less than 50,000 persons in order to improve, develop and finance industry and employment. The goal is to improve the economic climate in rural communities with over \$18.8 million in assistance provide in FY 2003. For Fiscal Year 2004 (10/1/03-9/30/04), funding levels are estimated as follows:

- \$8.0 million will be available for guaranteed loans.

Rural Business Enterprise Grants (RBEG) are available to public bodies, nonprofit corporations, and federally recognized Indian Tribes to finance and develop small and emerging private business enterprises with over \$286,000 in assistance provide in FY 2003. For Fiscal Year 2004 (10/1/03-9/30/04), funding levels are estimated \$250,000.

The RBS also provides Cooperative Services, which are available to help rural residents, form new cooperatives and improve the operations of existing cooperatives through loans, grants, technical assistance, research, education, history and statistics.

For more information on any of these programs please contact the USDA Rural Development State Office, 451 West Street-Suite 2, Amherst, MA 01002. The main telephone number is (413) 253-4302, fax (413) 253-4347 or on the web at www.rurdev.usda.gov/ma.

Contacts are: David Tuttle, State Director and/or Maril E. Alsup, Public Information Specialist.

Weatherization Assistance Program (WAP)

Administered by DHCD's Division of Neighborhood Services/Bureau of Energy Programs, this U.S. Department of Energy funded \$6.6 million weatherization effort will provide comprehensive energy conservation retrofit services to an expected 2,758 low-income households. The conservation services provided will reduce the average household's heating cost by 23%. The program year runs from April 1, 2002 to March 31, 2003. For additional information about the program, call the Department of Housing and Community Development, Bureau of Energy Programs at (617) 727-7004.

Workforce Investment Act

The Department of Labor and Workforce Development is the lead agency responsible for implementing the federal Workforce Investment Act ("The Act") in Massachusetts. The Department submitted the state's plan, to the U.S. Department of Labor on April 7, 2000. The Act went into effect in July 2000. Since that time, the State Workforce Investment Board has been convened, as have Local Workforce Investment Boards. The Act calls for the integration of workforce development activities in a comprehensive

system, which emphasizes partnering with other state and local agencies to offer universal access to workforce development activities through the one-stop career center initiative. Memoranda of Understanding are being developed and executed in the sixteen regions to clarify and secure the participation at the local level of all relevant agencies.

Coordination between DLWD and DHCD occurs through the participation of a DHCD representative on the State Workforce Investment Board. In addition, DHCD funded programs are represented on local Workforce Investment Boards by inclusion of representatives of housing authority personnel, Community Action Program grantees, or others.

(2) State and Other Resources (listed alphabetically)

Community Economic Development Assistance Corporation	22
Department of Environmental Protection	24
Department of Housing & Community Development.....	25
Department of Labor and Workforce Development.....	35
Department of Mental Health.....	35
Department of Mental Retardation.....	41
Department of Public Health, AIDS Bureau	43
Department of Public Health, Bureau of Substance Abuse Services ...	45
Department of Social Services	48
Department of Transitional Assistance	49
Department of Veterans Services.....	51
Division of Employment and Training	53
Executive Office of Elder Affairs	53
Executive Office of Public Safety.....	54
MassHousing	56
Massachusetts Housing Investment Corporation.....	57
Massachusetts Housing Partnership Fund	58
Massachusetts Office of Business Development	59
Massachusetts Rehabilitation Commission	60
Other Statutory Programs	63

Community Economic Development Assistance Corporation (CEDAC)

Low-Income Housing Production and Preservation

Pre-Development Lending and Technical Assistance:

CEDAC provides pre-development loans and technical assistance services to non-profit developers throughout the Commonwealth of Massachusetts to develop and preserve housing for low- and moderate- income families and individuals. CEDAC has approximately \$10.4 million available in revolving loan funds and credit facilities available to meet the pre-development needs of non-profit developers. CEDAC will make approximately \$5 million available in FY 2004 in high risk, unsecured loans, to about 60 projects, to help non-profit developers cover their pre-development expenses in the period from project start to the closing of the project's construction financing.

CEDAC has also formally launched its administration of a new private foundation capital initiative to expand the supply of rental housing available to very low-income families, those who earn less than 30% of median family income. CEDAC expects to have access to between \$8-10 million in new, very low interest rate loan capital for this purpose, and projects that it will make an additional \$5 million available to non-profit developers in 2003 from this source.

CEDAC will also continue to provide technical assistance to non-profit developers and municipalities under its technical assistance contract from the HUD HOME program,

aimed at providing technical assistance services and pass-through financial assistance to Community Housing Development Organizations (CHDOs).

Acquisition Loan Program:

In 2003 CEDAC will also continue its Acquisition Loan Program (ALP). The ALP provides non-profit developers with first mortgage loans to allow non-profits to acquire key strategic properties in their neighborhood, which would otherwise be lost as opportunities for creating new low-income housing. CEDAC projects that it will make between 6-8 loans, totaling about \$3 million, in FY 2004 from the ALP.

Housing Innovations Fund and Facilities Consolidation Fund:

CEDAC will also continue to work with the Department of Housing and Community Development (DHCD) to underwrite the Housing Innovations Fund (HIF) and the Facilities Consolidation Fund (FCF) loan programs to create new housing opportunities for homeless families and individuals, and for people with various disabilities. DHCD projects that approximately \$10 million in HIF loans and \$7.5 million in FCF capital will be available to support these program objectives, depending on the availability of bond spending allocations.

Preservation Policy Development:

In addition, CEDAC will continue its extensive and nationally-recognized work with HUD on the preservation of existing multi-family housing for low-income families. CEDAC will focus on working with resident groups to select their joint venture partners for long-term ownership and management this year. CEDAC focuses its policy and program efforts on the preservation of Section 8- assisted rental housing, and other federally-assisted stock, which requires capital infusions to upgrade and preserve it.

Child Care Capital Investment Fund:

CEDAC's affiliate entity, the Child Care Capital Investment Fund (the FUND), provides loan and grant capital, and couples its financial resources with technical assistance, to help non-profit child care centers expand and improve their facilities. Quality child care services, for both pre-school age children and for after-school care, are vital for the educational and social development of the children in those programs.

Since its inception, the FUND has lent \$5.6 million to more than 46 non-profit centers, enabling the expansion or improvement of more than 2,770 slots of child care, more than 67% of which serve very low-income families. In partnership with the Commonwealth's Department of Education (DOE), the 0-8 Coalition, and Parents United for Child Care, the FUND has also invested more than \$8.2 million of grant capital, in tandem with the FUND's loans, to provide a consolidated funding mechanism for the child care industry.

Capacity Building Coalition:

CEDAC's workforce development program brings together four of the major associations of community-based organizations statewide in the areas of education, training, and employment services. The Capacity Building Coalition (CBC) is comprised of the Massachusetts Association of Community Development Corporations (MACDC), the Massachusetts Community Action Program Directors' Association (MassCAP), the Boston Workforce Development Coalition (BWDC), and the Job Training Alliance (JTA), with CEDAC as the program delivery agent. Together, these associations represent

over 150 organizations, among them the leading CBOs delivering workforce development services in Massachusetts.

The goals of the CBC are to:

- build the organizational and programmatic effectiveness of community-based organizations in providing education, training, and employment services;
- strengthen staff skills and capacity to provide quality workforce development programs; and
- increase networking, sharing of information, and collaboration, especially among frontline staff.

To those ends, the CBC provides up to a dozen skill training sessions annually in Boston and in regional settings; convenes six networking sessions to encourage peer-to-peer learning; and in 2004 will convene the first statewide training and policy conference for the community-based employment and training system.

For more information on CEDAC, contact Michael Gondek at (617) 727-5944

Department of Environmental Protection (DEP)

The state's Department of Environmental Protection, in conjunction with the Massachusetts Water Pollution Abatement Trust, administers the State Revolving Funds (SRF) for water pollution abatement projects and drinking water protection projects. The assistance takes the form of low interest loans. The interest rate for projects approved in calendar year 2004 will be 2%.

The Clean Water SRF:

The Clean Water SRF provides financial assistance for the planning, design, and construction of water pollution abatement projects that will assist municipalities in complying with federal and state water quality requirements. Eligible activities include: wastewater treatment facilities (construction and upgrade), infiltration/inflow correction, wastewater collection systems, control of combined sewer overflows, community programs for upgrading septic systems, storm water remediation, and land acquisition. In recent years the program has operated with \$150 to \$200 million per year, financing 40 to 50 projects annually. Communities must apply and be rated by DEP on a priority ranking system, which emphasizes demonstrable water quality benefits, elimination or mitigation of public health risks, and achieving or maintaining compliance with water pollution control requirements.

The Drinking Water SRF:

The Drinking Water SRF provides assistance to Public Water Suppliers for construction of projects needed to maintain compliance or further the public health goals and requirements of the state drinking water regulations and the federal Safe Drinking Water Act. Eligible activities include the construction or upgrade of drinking water treatment facilities, replacement of aging transmission and distribution pipes to prevent contamination, construction and rehabilitation of standpipes, and projects to rehabilitate or develop water sources to replace contaminated sources. This program currently operates at a level of approximately \$100 million per year, financing 20 to 25 projects annually. Public Water Suppliers must apply and be rated by DEP on a priority ranking

system that assesses the severity of the public health risks to be mitigated and the effectiveness of the project in achieving or maintaining compliance with state and federal drinking water requirements.

For additional information, contact Steven McCurdy, Director, DEP Division of Municipal Services at (617) 292-5779.

Department of Housing and Community Development (DHCD)

The Affordable Housing Trust Fund

The Massachusetts Affordable Housing Trust Fund (AHTF) was created with the enactment of Section 227 of Chapter 159 of the Acts of 2000, now known as Chapter 121D of the Massachusetts General Laws (the Statute). The AHTF is designed to provide resources to create or preserve affordable housing throughout the state for households whose incomes are not more than 110% of median income, as determined by the U.S. Department of Housing and Urban Development (HUD). The AHTF was funded at \$20,000,000 per year for three years (State Fiscal Years 2001 – 2003) from the state's General Fund. Funding for FY 2003 was later reduced to \$12.5 million. In June of 2003, the Legislature adopted language in outside Section 631 A of Chapter 26 of the Acts of 2003 to provide for the capitalization of the AHTF via bond authorizations. The budget language authorized bond issues totaling \$70,000,000 to capitalize of the fund over a five-year period (FY 2004 – FY 2008). In addition to the purposes set forth in MGL c. 121D, the bond authorization specified that up to 2% of the authorization may be used for DHCD administrative costs directly attributable to the administration of the AHTF.

The AHTF is now entering its fourth year of activity. In the first three years, \$40,778,184 in Affordable Housing Trust Funds were awarded to 76 projects throughout the Commonwealth. These projects will provide a total of 2,649 housing units, of which 2,170 units will be affordable. As of September 18, 2003, 22 projects with Affordable Housing Trust Funds were under construction, representing 603 completed housing units and an additional 199 units under construction.

Preferences

- Developments that produce “new” affordable housing units.
- Developments that create units affordable to households with a range of incomes, with a special emphasis on units for households with incomes below 80% of the area's median income.
- Developments that include affordable units for families.
- Developments that include affordable units for the disabled and the homeless.
- Projects that propose the longest term of affordability. The minimum period of affordability for projects receiving AHTF funding is 30 years.
- Projects that are sponsored by non-profit organizations.
- Projects that use private funding sources and non-state funding sources to leverage the least amount of AHTF funds.

Alternative Housing Voucher Program: (Chapter 179 of the Acts of 1995) :

In an effort to proportionately allocate units to both elderly and non-elderly disabled persons living in elderly/disabled public housing, Chapter 179 established an 86.5% priority in placement for elderly and 13.5% priority in placement for non-elderly disabled in stated-

aided elderly/disabled public housing. These ratios were determined by census information concerning the low-income status of these populations.

A key component for successful implementation of this plan is the Alternative Housing Voucher Program (AHVP), which provides transitional rental assistance for eligible and qualified non-elderly low-income handicapped individuals currently living in, or on a waiting list for, state-aided elderly public housing. Eligibility for the program is identical to the eligibility criteria for the state's Chapter 667 elderly/disabled housing. All AHVP vouchers are mobile and may be used throughout the state. This program was allocated \$2.3 million in FY 2004, which will serve approximately 350 people.

Like the larger Massachusetts Rental Voucher Program, (MRVP) the AHVP is administered by Local Housing Authorities. However, the tenant rent share is calculated in the same manner as in the Chapter 667 Program - either 27%, 30% or 32% of adjusted income, depending on whether all, some, or no utilities are included in the rent.

Capital Improvement and Preservation Fund:

The Capital Improvement and Preservation Fund (CIPF) was created under St.1998 c. 257 and continued under St. 2002 c. 244 and authorized the Department of Housing & Community Development to use \$55 million (i.e., \$20 million in 1998 and \$35 million in 2002) in general obligation bond funds for the purpose of preserving and improving existing privately-owned, state or federally assisted housing. CIPF may only be used in connection with housing where the prepayment of a state or federally assisted mortgage would lead to the termination of its affordability restrictions, or housing for which a project-based rental assistance contract is expiring or has expired. The CIPF program provides loans to eligible projects sponsored and developed by community development corporations, for-profit or non-profit corporations.

The CIPF program to-date has awarded over \$22 million in its efforts to support the acquisition, preservation and rehabilitation of 1683 units of affordable housing throughout the Commonwealth of Massachusetts. During 2004, DHCD anticipates spending approximately \$4.75 million, depending on the availability of bond spending allocations.

All projects funded pursuant to the CIPF II must remain affordable for at least 40 years. In addition, a minimum of 50% of the total number of units must be reserved for occupancy by low or moderate-income persons and families with incomes at 80% or less of area median and a minimum of 5% of the total number of units must be reserved by very low-income persons or families with incomes at 50% or less of area median. Under CIPF II, DHCD will award \$40,000 per unit for projects with more than 25 units with a per project maximum of \$2,500,000 and will award \$50,000 per unit for projects with 25 units or less with a per project maximum of \$1,250,000.

In order to be considered for CIP prepayment funds, projects must meet the following two threshold criteria:

- A project sponsor must submit a notice of intent to apply for funds to DHCD, which must contain evidence that the project is at risk because the prepayment of an existing mortgage will result in a significant loss of affordable units.

- A project sponsor must demonstrate to DHCD that the community in which the project is located supports the proposal to preserve affordability and is willing to participate in the financial structuring of a proposal.

Community Assistance:

The Department of Housing and Community Development provides technical assistance to communities on planning, zoning, subdivision control, regional planning, growth management and, local government organization. Approximately 150 requests are responded to each month. The staff also writes and distributes informational materials and publications, and participates in training programs and workshops serving municipal staff and officials. DHCD also has specific programs regarding economic development which include urban redevelopment corporations, created under chapter 121A of the General Laws, redevelopment authorities and urban revitalization development grants (URDG) established under MGL chapter 121B, and economic development and industrial corporations (EDIC) established under MGL chapter 121C. The director of DHCD also co-chairs the state's Economic Assistance Coordinating Council. Two particularly important technical assistance initiatives are:

Citizen Planner Training Collaborative (CPTC): DHCD continues its efforts to improve training opportunities for planning and land use board members through the Collaborative which is composed of DHCD, University of Massachusetts, the Massachusetts Federation of Planning and Appeals Boards, Massachusetts Association of Regional Planning Agencies, the American Planning Association (Massachusetts chapter), and the Massachusetts Association of Planning Directors. The Collaborative makes training available on a regular basis, including both introductory courses for new board members and specialized sessions for the more experienced board members.

Massachusetts Downtown Initiative (MDI): DHCD's downtown assistance efforts are designed to foster downtown revitalization as an integral part of community development. In order to meet diverse needs, the Initiative will provide several services: 1) direct technical assistance to approximately ten communities, including site visits and a community report with follow-up recommendations; 2) a comprehensive Web site which addresses topics such as forming a downtown organization, adopting design guidelines, and undertaking a facade restoration effort, and; 3) publications such as a newsletter and a guide to resources available for downtown revitalization activities. For more information on all of the municipal topics, call the DHCD at (617) 727-7001.

Community Development Action Grants (CDAG):

The CDAG program provides public infrastructure support in instances where private investment would not occur except for the CDAG contribution. In FY 2003, CDAG awarded 8 grants totaling \$8,096,056. The Department of Housing and Community Development expects to spend approximately \$7 million to fund CDAG projects in state FY 2004. CDAG's goal is to stimulate economic development activities that will attract and leverage private investment, create or retain long-term employment, and revitalize distressed areas. The program is funded through state bonds and is administered by the Division of Community Services within DHCD. All cities and towns in the Commonwealth are eligible. Contact the Department of Housing and Community and Development, Division of Community Services, at (617) 727-7001 for more information.

Facilities Consolidation Fund (FCF):

FCF addresses the needs of clients of the Departments of Mental Health and Mental Retardation who are being deinstitutionalized, currently living in inappropriate or unsafe housing, or are presently homeless. FCF funds are used as deferred 30-year mortgage loans to cover a maximum of 50% of the total development cost of housing projects. Since 1993, DHCD has committed over \$22 million to projects with nearly 900 community-based units created or preserved. In FY 2003, more than \$6 million in FCF funds was involved in the creation or preservation of 199 community-based units for disabled people. In FY 2004, the Department anticipates spending approximately \$7.5 million in FCF, depending on the availability of bond spending allocations. For more information, please call the Department of Housing and Community Development at (617) 727-7824.

Housing Consumer Education Centers (HCEC):

The Housing Consumer Education Initiative (HCEC) was established by the Massachusetts State Legislature in FY 2001 to provide information and services for housing consumers and providers in obtaining tenancies, and to reduce the incidence of homelessness and displacement through the preservation of tenancies. HCEC state funding of \$541,000 from legislative appropriations and DHCD funds will provide for the core services of information and referral and education/workshops for FY 2004.

The HCEC initiative supports regional delivery of non-duplicative housing information and assistance services throughout the Commonwealth.

HCEC services are targeted to non-Department of Transitional Assistance (DTA) eligible housing consumers, which include: tenants, homeowners, rental property owners, and potential tenants and homebuyers. Services will be made available to individuals and families whose income level remains 130% or above the established poverty threshold, as determined and published annually by the U.S. Office of Management and Budget (OMB).

The network of HCEC providers established by the initiative will educate families and individuals, through information and referral services, on how to acquire the necessary tools to access appropriate services to meet their specific housing needs and to encourage people to become or remain self-sufficient. The HCEC network will provide services including, but not limited to:

Core Services

- Information and Referral for housing and related questions
- Tenant Education concerning housing issues
- Mediation/negotiation assistance/referral
- Inter (and intra) region coordination and referral

Enhanced Services (varies with additional funding secured by HCEC)

- Training on issues affecting housing (e.g. landlord/tenants rights and responsibilities; lead paint; code violations; homebuyers education/ mortgage assistance programs; housing search strategies, etc.)
- Outreach
- Other programs designed to meet specific or unique housing needs in the nine program regions.

For more information please call the Division of Public Housing and Rental Assistance, Bureau of Federal Rental Assistance at (617) 727-7130.

Housing Innovations Fund (HIF):

In 2002, the State Legislature enacted a new HIF IV Housing Bond Bill authorizing DHCD to use \$35 million for the creation and retention of alternative forms of housing for low-income and extremely low income persons and families. By statute, an alternative form of housing is a residential development that involves:

- An unusual or specialized level of management or social services.
- An innovative financing or ownership structure.
- Innovative features, including: single room occupancy housing; transitional housing for the homeless; limited equity cooperative housing; battered women's shelters and transitional housing for battered women and their families; employer assisted housing; housing in receivership; and lease-to-purchase housing.

HIF IV provides permanent, deferred payment loans for an initial term of 30 years. Extensions of the loan term may be granted by DHCD for an unlimited number of successive 10-year periods, as long as the project continues to provide affordable housing consistent with HIF requirements. HIF IV funds may cover up to 50% of a project's Total Development Cost (TDC) within a maximum loan amount of \$500,000 per project. At least 50% of the units in HIF projects must be reserved for low-income households (at or below 80% Area Median Income), with half (50%) of the low-income units reserved for very-low income individuals (at or below 30% Area Median Income).

In FY 2003, DHCD committed \$9.2 million in HIF funds to projects with a total of 462 units. In FY 2004, DHCD anticipates spending approximately \$10.5 million in HIF, depending on the availability of bond spending allocations. For more information, please call the Department of Housing and Community Development at (617) 727-7824.

Housing Stabilization Fund (HSF):

The Housing Stabilization Fund was created by Chapter 494 of the Acts of 1993 and further funding was provided in the bond bills of 1998 and 2002 to support neighborhood redevelopment efforts in cities and towns throughout Massachusetts and to preserve and rehabilitate affordable housing developments. In federal FY 2004, DHCD anticipates spending approximately \$12.85 million in HSF, depending on the availability of bond spending allocations. The Housing Stabilization Fund program emphasizes strong community involvement in the design and implementation of efforts that will respond to local priorities for neighborhood improvement and reinvestment. Although, DHCD gives priority to applicants proposing to develop and produce new units, the Department remains committed to the goal of preserving and maintaining existing affordable rental stock. To that end, this valuable state housing resource may be used for either purpose. This program also specifically targets the production or preservation of housing for people age 60 and over and for families and individuals with incomes at or below 30% of area median. The Housing Stabilization Fund program to-date has expended approximately \$94.8 million in its efforts to support the acquisition, rehabilitation or new construction of over 4100 units of affordable housing units.

Eligible applicants for Housing Stabilization funds are for-profit and non-profit developers, local housing authorities or municipal entities in cooperation with for-profit or non-profit developers. The chief elected official must sign each application for Housing Stabilization funds. The minimum project size is five (5) units.

The maximum amount of Housing Stabilization funds available per application is \$750,000. The maximum amount available per HSF-assisted unit is \$50,000 in HOME Program entitlement/HOME consortium communities. In non-entitlement or non-consortium communities, the maximum Housing Stabilization Fund loan is \$65,000 per HSF-assisted unit.

Applicants may seek Housing Stabilization funds either as a single public source or in combination with other public funds, such as Low-Income Housing Tax Credits, Affordable Housing Trust funds, Housing Innovation funds, Facilities Consolidation funds, local HOME funds, etc. Applicants may not seek Housing Stabilization funds in combination with DHCD HOME funds.

DHCD hopes to make available \$2 million of Housing Stabilization funding to assist suburban cities and towns in facilitating the new production of affordable rental properties through the Suburban Rental Development Pilot Production Program. The pilot program provides intensive technical assistance from the Massachusetts Housing Partnership Fund (MHP), pre-development funding through DHCD and MHP and permanent financing from DHCD and MHP. The Towns of Westford, Bedford and Truro have been chosen to participate in the pilot program and are well underway with their plans to develop new affordable family rental units.

Individual Self-Sufficiency Initiative (ISSI)

The Individual Self Sufficiency Initiative program is administered throughout the Commonwealth by nine (9) Regional Non-Profit Housing Agencies. This innovative housing program assists homeless individuals transition to permanent housing and is comprised of two components: Resource Model and Development.

The Resource Model provides a homeless individual who has located a housing unit with financial assistance for such payments as a security deposit, first month's rent, payment for a utility arrearage, moving costs and a small monthly stipend for the payment of rent. To be eligible for the ISSI, an individual must be homeless at the time of application and be employed or participating in a vocational or employment training program. The maximum eligibility income is 80% of the area median and the maximum length of participation is twelve (12) months.

The Development Model provides non-profit and private property owners with financial assistance for the development of housing units that will be occupied by ISSI eligible individuals.

Since implementation of the program in fiscal year 2000, over 1200 individuals have been served under the Resource Model, and 122 units have been developed under the Development Model. In FY 2003 ISSI was allocated \$667,230 to maintain previous funding commitments, however no new commitments are anticipated for FY 2004.

For further information on the ISSI, please contact the Department of Housing and Community Development at (617) 727-7130 ext. 655.

Interest Subsidy Program for Rental Developments (13A):

The Commonwealth will invest \$6,472,904 in 2004 in continuing support of approximately 6,873 moderate rental units located in 67 developments throughout the Commonwealth. 13A funds are provided in the form of interest subsidies to the projects. No new 13A commitments will be issued during FY 2003. For more information, please call the Department of Housing and Community Development at (617) 727-7824.

Local Initiative Program (LIP):

DHCD is experiencing a surge of activity in the Local Initiative Program with close to 20 projects approved since February of 2003, representing close to 200 units, of which 25% are affordable. We expect approval of close to 400 units by the end of the state's fiscal year (June 2004). In addition, local actions, such as inclusionary zoning provisions, have produced additional units that DHCD certifies on the Subsidized Housing Inventory at "LIP Units Only." The predominant use of LIP has been for homeownership projects, although we have seen several rental projects this year. LIP provides technical assistance to support the development of affordable housing. The program gives cities and towns flexibility in their efforts to provide low- and moderate-income housing. Affordable units in LIP homeownership projects must be sold to households at or below 80% of area median income. All low- and moderate-income units developed through the Local Initiative Program are credited to the community's stock of low- and moderate income housing for purposes of Chapter 40B - the Subsidized Housing Inventory. For more information please contact DHCD at (617) 727-7001

Massachusetts Rental Voucher Program (MRVP):

During FY 2004, the Commonwealth allocated \$22.6 million for the MRVP program. The MRVP is administered on the local level by over 140 local housing agencies and remains one of the largest state-financed rental programs in the nation. Currently, there are over 7,700 MRVP subsidies under contract with local housing agencies. An MRVP applicant's net household income must be at or below 200% of the federal poverty level. Households eligible for the MRVP receive either a project based voucher or mobile voucher.

- A project-based voucher allows an eligible household to live in a unit (the subsidy is attached to the unit/development). If the household in such a unit chooses to relocate, the subsidy remains with the unit, and another eligible household is referred for occupancy. Project based vouchers allow the participating household to receive a subsidy based on a fixed percentage of household income (40% if the unit rent includes heat, 35% if the heat is not included).
- A mobile voucher is attached to a participant, rather than a specific unit, and allows the holder to live in private leased housing anywhere in the Commonwealth. A voucher's value depends on geographic location, income level, and household size, with the subsidy paid directly to the owner by the housing/agency; the household pays the difference between the voucher value and the rent charged for the property.

For more information, please contact the Department of Housing and Community Development at (617) 727-7130.

Neighborhood Housing Services (NHS):

The Neighborhood Housing Services (NHS) program assists local residents, and public and private sector institutions and organizations in reinvesting in distressed urban neighborhoods, and rehabilitating affordable housing for low-moderate income households. The NHS program promotes neighborhood revitalization through partnerships with neighborhood residents, local officials, members of the banking and business communities, and state government. Since its inception in 1982, the NHS program has provided millions of dollars in low-interest loans to homeowners to undertake rehabilitation projects. As a result, the NHS program has been able to mitigate blight and reverse decline in neighborhoods suffering from disinvestment. DHCD anticipates contracting a total of \$502,982 with five agencies in FY 2004. For more information, call the Department of Housing and Community Development, Division of Community Services, at (617) 727-7004.

Peer to Peer Program:

This is a technical assistance program for non-entitlement communities, which links the expertise of local officials to their peers in cities and towns on a project specific basis. A community with a specific need is matched with a local official from a community who has the relevant experience. The agency anticipates funding up to 12 projects in FY 2003.

Planned Production

Planned production encourages communities to undertake a proactive approach in the development of affordable housing through an affordable housing plan. DHCD approval of a plan and subsequent certification of local implementation of the plan (through the creation of affordable units) supports/affirms local decisions by communities to accept or deny comprehensive permit applications.

The local plan establishes a context for municipal action with regard to housing based upon a comprehensive housing needs analysis, goals and a strategic approach to achieve at least an annual growth in affordable units of .75% of the total year round housing units. Affordable units are those that qualify for the Subsidized Housing Inventory. Once the plan is approved by the department, the municipality must demonstrate that it has executed/achieved/satisfied the plan through the creation of affordable units.

The planned production regulation, 760 CMR 31.07(1)(i), went into effect during calendar year 2003. The department, since the state fiscal year 2004, has received 11 plans. Communities have expressed a continued interest in receiving information of plan requirements and the experience of municipalities that have plans locally in place. We anticipate continued attention to this municipal option; an additional 10 plans for a total of 21 is expected during this fiscal year.

Public Housing Operations:

DHCD will continue to oversee 248 housing authorities operating approximately 50,000 units of state-aided public housing in Massachusetts. The Commonwealth subsidizes local housing authorities whose revenues are insufficient to pay operating expenses for their state portfolios, with administration and oversight provided by DHCD. In state FY 2004, \$25.4 million has been appropriated for these subsidies.

Public Housing Modernization and Development:

DHCD will spend approximately \$52.3 million in FY 2004 on capital improvement projects directly related to maintaining the health and safety of residents, modernizing and preserving the state's portfolio of affordable, public housing.

In FY 2004, DHCD will also allocate \$2.0 million for new construction activities.

Public Housing for Special Populations:

DHCD has established collaborative working relationships with state social service agencies serving disabled clientele. Through these efforts, DHCD has helped forge strong links between housing authorities and local service providers that benefit public housing tenants. In light of the demographic and policy trends of the 1990s, this integrated team approach to housing and services is essential.

To serve the increasing number of senior citizens that are "aging in place" in public housing, Massachusetts has developed the Supportive Senior Housing Initiative, which brings some of the benefits of assisted living developments to the residents of state-funded elderly public housing. Jointly developed by DHCD and the Executive Office of Elder Affairs, the program helps seniors to "age in place" by providing access to supportive services on-site and round-the-clock supportive staff presence at their housing developments.

As of June 2002, there were supportive housing sites in 22 communities, containing 3,043 units of state-aided housing throughout the state. To date, the program has been very well received by LHAs and their constituents.

DHCD continues to have an on-going dialogue with the Department of Mental Health (DMH) around the operation of the more than 65 developments exclusively serving DMH consumers. Issues around rent structure, property up keep and improvements, and changing service models are all being reviewed in an effort to better serve residents of these c.689/c.167 developments.

In addition, housing authorities continue to play a role in serving the growing number of persons with HIV/AIDS. Housing authorities will also continue to be involved in plans and programs to address homelessness. Since many disabled people prefer to receive services in their homes, DHCD will continue to support housing authority/human service provider collaboration to address the array of issues and concerns facing public housing tenants. For more information, please contact the Department of Housing and Community Development at (617) 727-7130.

Rental Housing Development Action Loan Program (RDAL):

During FY 2003, the Commonwealth invested \$1,724,138 for continued support of affordable units in mixed-income RDAL projects. RDAL funds were provided in the form of operating subsidies to the projects, which include a high percentage of affordable units. There was no state appropriation for RDAL in FY 2004, however MassHousing plans to utilize their resources to maintain the program.

The Scattered Site Transitional Apartment Programs (SSTAP and SSTAP II/START)

Advocates for battered women and their children as well as advocates for the homeless and the Department of Social Services, (DSS) identify transitional housing as one of the greatest needs in helping families who are displaced by domestic violence. The Scattered Site Transitional Apartment Programs (SSTAP and SSTAP II/START) helps fill this need by providing families with a safe, stable, temporary living environment.

DHCD and DSS implement and oversee the activities of the SSTAP and the SSTAP II/START programs. Respectively, these programs have 39 and 36, three and two bedroom, scattered site transitional housing apartments, for victims of domestic violence and their children. The SSTAP and SSTAP II/START programs are administered through four regional housing agencies.

Participation in SSTAP and SSTAP II/START provides victims of domestic violence with the time needed to develop stronger ties with their children, enhance coping and problem solving skills, strengthen and repair the part of their lives that have been impacted by domestic violence. Families participating in these programs receive intensive case management, housing search and supportive services. The goals of the programs is to provide support and opportunities to families for a sufficient period of time so that they will be able to transition into permanent housing and stable living situations. Families may remain in the programs up to 24 months.

For FY 2003, SSTAP has a budget of \$637,672, funded through HUD McKinney-Vento grant funds, which represents 8 months of funding (through February 28, 2003). The state FY 2003 budget for SSTAP II/START is \$1,000,000.

Soft Second Loan Program:

The DHCD/Massachusetts Housing Partnership Fund (MHP) Soft Second Loan Program is a joint initiative of the public and private sectors to help eligible buyers purchase their first homes. During FY2004, DHCD and MHP anticipated investing \$3 million in state funds to support Soft Second loans, depending on the availability of bond spending allocations. The program is established at the local level with potential buyers working with participating lenders and local officials to determine their eligibility. The program combines a conventional first mortgage with a subsidized second mortgage to help low- and moderate-income households qualify for a mortgage and purchase a home for the first time. For more information please contact the MHP fund at (617) 338-7868.

State Housing Assistance for Rental Production (SHARP):

In FY 2003 the Commonwealth provided \$14,432,625 in mortgage interest subsidies to support approximately 4,100 affordable units located in 82 SHARP projects throughout

Massachusetts. There was no state appropriation for SHARP in FY 2004, however MassHousing plans to utilize their resources to maintain the program.

The Department of Labor and Workforce Development

The mission of the Department of Labor and Workforce Development (DLWD), is to enhance the quality of the Commonwealth's workforce by making available new opportunities and training for workers, job seekers, and employers, preventing workplace injuries and illness and providing temporary assistance when employment is interrupted. DLWD is responsible for the implementation of the Workforce Investment Act, which integrates various state and federal programs into a seamless delivery system.

DLWD is also responsible for overseeing the 35 One-Stop Career Centers located across the state in consultation with the Local Workforce Investment Boards as well as the State Workforce Investment Board (SWIB).

The State Workforce Investment Board serves as the Governor's principal advisory board on workforce development. The Board fulfills this mandate in three ways: linking workforce development to economic development, mobilizing the private sector, and coordinating the state delivery system. The Board is comprised of agency heads, legislators, and representatives from state and local workforce development entities including the Department of Labor and Workforce Development, Department of Economic Development, Division of Employment and Training, Department of Transitional Assistance, Department of Education, Department of Higher Education, Massachusetts Rehabilitation Commission, Commonwealth Corporation, and Massachusetts Workforce Board Association.

As required by WIA, a majority of the board and its chair must be from the private sector. Massachusetts fully endorses this requirement, which will help to ensure that businesses and private sector interests throughout the Commonwealth play a key role in developing workforce policy and programs in the years ahead and in advising the Governor about the needs of Massachusetts businesses and workers.

For more information, please contact Kim McLaughlin at the Department of Labor and Workforce Development at (617) 727-6573.

Department of Mental Health (DMH)

DMH invests over \$235 million of its annual state budget in a range of residential services and housing programs for adults, children and adolescents with a total capacity serving over 7,100 clients in community-based housing statewide. The Department also targets in excess of \$22 million for a comprehensive program of services and housing assistance to persons recovering from mental illness who have a history of homelessness. DMH clients are overwhelmingly very low-income earning far less than 30% of median and require a continuum of affordable housing comprised of all types and settings.

In FY2004 the Department will continue efforts to expand housing opportunities across the continuum with an emphasis on independent and integrated housing. To accomplish this DMH will rely upon legislative appropriations and external state and federal housing

programs. Over the past two years DMH has been a key participant in the Olmstead Subcommittee on Housing working with DHCD and a range of service agencies to put forward the housing needs of all people with disabilities and elders.

DMH will continue to collaborate closely with DHCD along with the local community-based housing organizations to access HUD and other housing development funding and rental subsidy programs for clients. DMH and its vendors will participate in the local Continuums of Care to secure housing for homeless through McKinney-Vento funding.

DMH is aggressively implementing the Program of Assertive Community Treatment (PACT) model of service delivery, now with 13 teams located in communities across the state. These multi-disciplinary teams of professionals are available 24 hrs, 7 days a week to provide highly individualized services to clients in the community. Services will be delivered in clients' homes allowing for earlier interventions and more appropriate response to clients who may be in the early stages of a psychiatric episode. This delivery model further supports integration of clients into affordable housing settings.

In FY 2004 DMH's affordable housing efforts will continue to focus on accessing Sec. 8 Housing Choice Vouchers and capital development programs at the federal, state and local levels. Activity will be guided by various housing task groups focused on 40 A&B, Anti-snob zoning; Olmstead; Sec. 8 Vouchers, and other resources serving very low income. Further, DMH housing initiatives will continue to rely upon reports and outcomes of previous administrations such as the reports sponsored by the Secretary of Administration and Finance, into which DMH had significant input. DMH will also continue to follow up on the recommendations of a report by the Citizen's Housing and Planning Agency (CHAPA), which analyzed DMH's housing-related operations and made a series of recommendations, including joint DMH-DHCD initiatives that should be pursued to expand housing opportunities for DMH clients.

DMH Housing Staff:

DMH Central Office currently maintains a housing staff in its Community Systems Division. Among other things, the Division promotes housing supply efforts to support DMH's locally administered discharge planning process, and to achieve other DMH housing goals. This past year all DMH Areas hosted a series of housing training on subjects ranging from housing search, to understanding the Sec. 8 Housing Choice Voucher Program, to Fair Housing. This series built on last year's "housing roundtables" that were organized in conjunction with the Citizen's Housing and Planning Association. The Central Office works closely with DHCD staff on many housing programs including: Facilities Consolidation, Special Needs c.689/167 and Sec.8 Choice Housing.

The Central Office housing function is carried out in conjunction with Area Housing Coordinators in each of DMH's six Area Offices. These two groups meet every month, and regularly as sub-groups on specific projects or issues. They maintain a major focus on homelessness prevention.

Each Area Housing Coordinator is integrally tied to its Area's discharge planning process. They not only strive to develop housing options that can be accessed by case managers for their clients, but they also identify housing options for clients to move to as they progress with recovery.

The Community Systems Division and Area Housing Coordinators manage a variety of other initiatives related to the Department's community-based services system, including aggregate needs assessments, services wait lists, federal grants management, program evaluation, technical assistance and training, interagency relations, etc.

Most DMH clients are very low-income and require subsidized housing of one form or another. A key DMH objective is to place very low-income clients that are ready to leave hospitals into affordable housing through appropriate discharge planning which is an integral part of the Department's efforts to build and support a formal community-based Residential Services System. Expanding the residential system through local collaboration, for both adults and children, continues to be a major thrust of DMH activity for FY 2004. Because DMH did not receive expected new state appropriations in FY2002 to support on-going expansion; the challenge in FY2003 was to leverage relationships, seek common interests and aggressively pursue every possible resource to try and meet the growing demand. The same will be true going forward in FY04.

DMH has stepped up its efforts to collaborate with a broad range of housing partners to identify available housing resources, and to assist with the submission of applications for federal and state housing grant funds. The system that has evolved includes a significant component for those clients experiencing homelessness as well as mental illness. Accordingly, the Department, its providers, and local housing partners have been very active in pursuing the range of HUD funding, including McKinney-Vento homeless assistance funds.

Discharge Planning:

DMH has long adhered to an inpatient discharge planning policy, which includes housing search explicitly aimed at preventing homelessness. The policy prohibits DMH state hospitals and community mental health centers from electing to discharge clients from inpatient units with directions to seek housing or shelter in an emergency shelter. It directs staff to make every effort to place clients in suitable, affordable housing coupled with clinically appropriate services. The discharge planning process will continue to be a focal point of DMH's housing operation.

Based on their needs and placement opportunities, most clients in DMH's inpatient facilities are discharged to one of a wide variety of transitional or permanent residential placement programs, operated by providers under contract with DMH. These include: group homes, defined as shared living for four or more persons with staff available up to 24 hours a day; staffed and non-staffed apartments for three or fewer persons; single room occupancy units, and; individual apartments.

If housing with services cannot be identified when a DMH client is no longer in need of hospitalization, DMH does not allow its hospitals to discharge the person unless the patient exercises his/her legal right to leave the facility. DMH cannot legally hold a client in its inpatient system that is no longer able to be committed and who refuses to remain in the hospital pending location of a housing placement. However, many clients do elect to remain hospitalized pending a suitable housing and services arrangement in the community.

Residential Services and Housing:

In FY 2003, the Massachusetts Department of Mental Health reported over 7,100 clients housed in a range of settings in the community with nearly 5,700 clients living in housing and receiving services, of these over 3,000 were in group or staffed apartments and 2,500 in independent and supported apartments. An additional 144 beds are located in DMH transitional psychiatric housing/shelters in Metro Boston.

DMH and DHCD continue to jointly administer the special DMH rental assistance program operating at a reduced level of \$2M, down from \$3.1M in FY02. This past year in FY2003 DMH demonstrated its ability to work creatively and effectively with DHCD to absorb a major one third cut of (\$1.1M) to this program yet, were able to maintain clients in their housing. DHCD stepped up and made a significant contribution by creating a pool of over 125 Choice Vouchers to ensure clients didn't lose their housing and become homeless. About 300 clients were stabilized in their housing through this effort. The present rental assistance program, despite reduction in size, continues to be a significant housing resource to DMH clients.

DMH continues to work with DHCD on management and development issues related to Ch. 689/167 Special Needs Housing with a capacity of over 600 beds. In recent years DHCD has accepted recommendations on improving asset management of the c.689/167 program, such as supporting joint inspections, requiring an operating budget and operating reserve and is continuing to look at how to implement these changes. Discussions regarding the c.689/167 program are underway looking at funding of integrated, individual units within larger developments that further support recovery and independence.

The Facilities Consolidation Fund administered by DHCD is a significant capital program for development of innovative housing having financed over \$12M in affordable housing for DMH clients through FY2003. CEDAC, DHCD and DMH have worked to implement the Pre-Application process and improve communications between the DMH Areas, CEDAC and prospective developers. Projects going forward represent both new construction and substantial rehabilitation and are beginning to reflect more independent integrated units.

DMH will continue to improve the coordination of services to DMH consumers living in public and assisted housing units. One goal is to prevent unnecessary or unwarranted evictions. DMH Area Offices will continue to reach out to the housing community to establish service linkages and understandings with local housing authorities and with managers of private housing receiving financial assistance through MassHousing. The Set-aside Housing Program with MassHousing continues to serve over 400 clients and represents a model for creating independent housing. MassHousing is working to bring on new units as projects come in for either new financing or refinancing. All indications are this continues to be an extremely successful program.

DMH will also continue to collaborate with MassHousing, DHCD and other agencies on the Tenancy Preservation Program, which last year expanded to two additional locations Boston and Brockton. DMH participates on the statewide steering committee formed this past year to explore further expansion of the program. The TPP is an interagency effort with the courts system and DPH in these cities aimed at preventing evictions and homelessness. The program intervenes in cases where residents are experiencing tenancy problems before they result in formal eviction proceedings.

The DMH grants to six clubhouses from across the state to support housing search and development activities began in FY2003 and represent a strategy of empowering consumers to seek their own housing in the community using local resources. .

DMH Homeless Initiative:

Since FY 1992, DMH has operated a Special Homeless Initiative now funded at over \$22 million annually which, serves as a major resource to provide housing and services to DMH clients that are living in shelter or on the streets. Unfortunately in FY2003 the program was level funded but, did maintain the current housing programs. In FY04 the fund has been cut by \$1.5 M. The final outcome of this funding reduction is unclear as a supplemental budget could restore the cut. We should know more in the coming weeks.

DMH Homeless Initiative funds are used primarily to provide clinical and residential services to homeless individuals, and to leverage over \$75 million federal and other housing resources to fund development of, or access to, housing units. Since state fiscal year 1992 through the end of state fiscal year 2002, DMH has developed or gained access to more than 1,200 new units of housing, and placed over 2,400 homeless persons into new or existing housing units with support services. It has provided a range of community-based services, such as first aid, counseling, referral, and case management to a total of 8,400 homeless individuals (not an unduplicated count).

Homeless Initiative funds also are used to support DMH's outreach programs. Members of outreach teams in selected communities across the state undertake active street work, ride in medical vans and visit emergency shelters. Physicians from affiliated agencies are available to provide medical care to homeless individuals who will not come in to a center or shelter for treatment.

Aggressive Treatment and Relapse Prevention Program (ATARP):

DMH and the Department of Public Health (DPH) will continue operating a statewide housing and services program called the Aggressive Treatment and Relapse Prevention program (ATARP). This is a permanent housing program serving chronic homeless diagnosed with co-occurring psychiatric and substance abuse disorders. Originally funded at \$2.4 million over three years, the program was awarded another 3-year McKinney-Vento grant by HUD of \$1.98M in FY2002. DPH and DMH each make significant cash contributions raising the total budget to \$3.0M. ATARP, like all statewide continuum programs is now on annual renewal. In FY2003 the program served 62 single adults, 10 adults in families and 17 children, the preliminary figures for FY03 look very similar with over half remaining clean and sober.

Homeless Outreach

PATH Program:

In FY 2004 DMH will continue to operate its PATH program of comprehensive outreach, primarily to shelters, to find individuals with mental illness who are homeless and engage them in services or referrals. The program will be expanded in the various parts of the state. PATH is supported by federal funding from the Projects for Assistance in Transition from Homelessness (PATH) grant program from the Center for Mental Health Services. Under the grant clinical social workers go into adult homeless shelters to identify people with serious mental illness and provide them with direct care, housing

search and advocacy, and referrals. The referrals are to such programs as job training, literacy education, mental health services, substance abuse treatment, and benefits and entitlements. Adults and older adolescents in need of mental health services are referred to DMH for eligibility assessment and, if they meet the eligibility criteria, for enrollment in DMH continuing care services. In FY 2002, PATH clinicians screened 4,931 individuals (an unduplicated count). Of that number 2,949 were enrolled as PATH clients and referred to a range of services.

The PATH outreach effort in FY 2004 will continue to be augmented by DMH's Homeless Outreach Team (HOT) program in Boston, and by a HUD McKinney grant available to DMH through the Executive Office of Health and Human Services (EOHHS): the Aggressive Street Outreach program.

Homeless Outreach Team (HOT):

DMH's HOT initiative has been in existence for 16 years in the Metro Boston Area, which has the highest incidence of homelessness in the state. It is staffed by 11.5 FTE clinicians/homeless specialists whose primary objective is to find homeless persons with mental illness, who are or could be eligible for DMH services, and encourage them to accept assistance from the Department and/or other appropriate sources.

HOT works on the streets and other public places where homeless individuals may be found. It also visits each shelter on a regularly scheduled basis. The team brokers for and advocates on behalf of homeless mentally ill persons by connecting them to specialized medical and psychiatric services, available substance abuse treatment, and DMH housing and residential services opportunities. Team members accept referrals from the shelters of mentally ill individuals for assessment, referrals to DMH's network of mental health centers, and placement into the Department's transitional housing/shelters for the homeless. They also provide medical assistance, ongoing support, and counseling to homeless individuals not ready for, or not accepting of, more formal DMH services.

HOT also serves homeless persons on an office walk-in basis, providing information and supports upon request and linking them to DMH and other resources.

In addition to finding clients through outreach, walk-ins, and referrals from shelters, HOT receives referrals from many sources including private hospitals, courts, correctional facilities, and detox units. The Team works with DMH inpatient units and maintains a liaison with private hospital inpatient units. It is notified of difficult-case homeless admissions and discharges. It often assists in their disposition.

HOT is notified by hospital inpatient units and DMH residential programs when patients walk away or are absent without authorization, so that they may be found and attempts to reconnect them to the system can be made.

Aggressive Street Outreach/Mobile Homeless Outreach Team:

In state fiscal year 2002 the Aggressive Street Outreach program reached and worked with 970 unduplicated homeless persons in selected towns across the state. Over 20% of those served moved from the street to some form of shelter, with 125 moving to permanent housing. The program made 342 referrals to detox programs and 241 to

public entitlement programs. Numbers for FY2003 are just coming in and are not yet available. The program was awarded a renewal grant from HUD this year through FY2004 and applied for renewal funding for FY05.

Housing and Employment

DMH Employment Service programs reflect the growing emphasis of not only finding housing for clients but also helping as many of them as appropriations permit to find and retain jobs in competitive, independent employment settings. These efforts will be continued in FY 2004.

DMH develops and coordinates local employment and educational services for clients through its six area offices and site offices and through collaboration with the Massachusetts Rehabilitation Commission (MRC), Labor and Workforce Development Career Centers and the state Division of Employment and Training (DET) at both local and central office levels. These collective efforts have resulted in key employment and educational initiatives. The DMH Services for Education and Employment (SEE) program is a statewide effort that emphasizes client choice in obtaining education, training or job placements. Clients are offered flexible, individualized supports with the primary goal of producing permanent employment with mainstream employers. SEE also works with clients needing educational and job training services or more interim work placements before being able to seek independent, competitive employment.

In partnership with the Division of Employment and Training (DET), DMH operates the Employment Connections program to provide employment services to homeless clients in the Metro Boston Area. Clients are assisted with obtaining job placements such as personal care attendants, caterers, customer service representatives, administrative assistants, medical transcribers, computer repair technicians, landscapers, sales representatives and assistant managers.

DMH also manages a network of Community Support Clubhouses that offer members a range of social, recreational and rehabilitative services. Employment and training services are an integral part of clubhouse programs. Since both members and staff run clubhouses, clients have the opportunity to perform tasks essential to the daily operation of the clubhouse, which assists in the development of employment readiness skills. In addition, clubhouses arrange for transitional, supported and independent job placements for many of their members, generally with support services.

For additional information, contact the Department of Mental Health at (617) 626-8064 / 8075.

Department of Mental Retardation (DMR)

The Department of Mental Retardation plans to accomplish goals in the FY2000-2004 Consolidated Plan in the following manner:

The Department of Mental Retardation will continue to pursue an aggressive housing development agenda over the next several years. In FY 03, the DMR found housing and provided residential supports for over 700 individuals that included 110 persons from nursing facilities and 400 persons pursuant to the Boulet settlement agreement. The

DMR needs to secure housing for nearly 500 consumers in FY 04 alone. The need for housing is projected to continue at this level for the next three through FY 07. We will be utilizing our relationships with the state's housing development and financing agencies to meet these obligations.

The Department will continue to collaborate with DHCD to maximize use of any Section 8 subsidies that may become available from HUD for individuals on the Medicaid Home and Community Based Waiver (including individuals on the DMR waiting list) or targeted for individuals being placed from nursing facilities. In Addition, DMR will seek to secure Section 8 Vouchers that may become available to serve Rolland and Boulet class members.

In addition the DMR will collaborate with DHCD on the design and use of modular construction to provide integrated housing opportunities as part of housing initiatives by Local Housing Authorities.

DMR will continue to work with MassHousing to maximize use of the its Set-Aside program for individuals with mental retardation, including an effort to reach parity through obtaining a larger portion of new set-asides that become available and through planning for use of under-utilized apartments with accessible features. To date, the MassHousing Setaside program supports nearly 150 consumers of DMR services. A new initiative with the MassHousing Setaside program will allow DMR to plan for future placements in this program in coordination with new MassHousing developments and re-financing developments coming on line. We are optimistic we may be able to achieve 50 units per year when the program is up and running. We are beginning this process in FY'04.

DMR will provide 'how-to' training on a regional and statewide basis for individuals, family members, DMR and private provider agencies on obtaining affordable housing through rental subsidies.

Home Ownership:

The Department will continue to fund the Massachusetts *Home of Your Own (HOYO)* project administered by the Citizen's Housing and Planning Association (CHAPA). CHAPA will provide educational and financial assistance to DMR consumers who may be eligible to purchase homes through the Home of Your Own (HOYO) program. CHAPA will also provide ongoing training and technical assistance to the homeowners, their families, guardians, and paid and voluntary supporters on post ownership issues. DMR collaborated with CHAPA to sponsor a conference on home ownership in the spring of 2002. The Department will also provide access to the down payment assistance fund and mortgage financing to assist DMR consumers seeking to purchase their own homes and help identify and ensure that participants receive adequate support services in their new homes.

DMR will plan and coordinate conferences, meetings and trainings on housing and issues of home and home life for its staff, providers, and families of persons whom DMR serves.

Homeless Prevention:

The Department will utilize McKinney funds to sponsor a housing search coordinator in the metropolitan and southeast regions to assist individuals with mental retardation and families of children with developmental disabilities to obtain housing subsidies and find apartments that fit within income guidelines.

In addition, DMR is an active participant in a Mental Health Diversion initiative chaired by Judge Maurice Richardson with active participation from several EOHHS agencies, the City of Boston and the Boston Police Department. This program will assist individuals in crisis, many of whom are homeless with disabilities. This initiative is designed to insure that these individuals are placed in the care of the appropriate service delivery agency which can best meet their needs and avoid costly inpatient placements or incarceration.

New Housing Development And Financing Initiatives

DMR is embarking on a new and more efficient housing development and management program which will include preservation of existing housing stock through aggressive monitoring and reporting requirements, collection of data and partnerships with state public housing financing and development agencies. We will leverage our operating subsidies and resources to best utilize public funding streams such as HUD 811 and Facilities Consolidation Funds. To date, the original \$50 million capital pool has current commitments totaling nearly \$41.0 million. Units created for DMR number 470 units across the Commonwealth.

DMR is actively engaged in a legislative effort to insure that the Facilities Consolidation Fund will be re-authorized to meet the future needs of DMR consumers and other individuals with a disability as directed by the Olmstead decision. DMR is an active participant in the Olmstead planning process and will continue to promote these capital funds as an efficient and cost effective way to facilitate housing development for DMR consumers and other persons with disabilities.

Tenancy Preservation:

DMR will collaborate with other state agencies, service providers, and the court system in the Worcester area on various tenancy preservation projects.

Continued Support:

DMR will continue to support and provide safe and affordable housing for approximately 9,000 adults receiving residential supports and housing through state and private providers in homes in the community.

For more information regarding any of these programs, please call Linn Torto at 617-624-7526 at the Department of Mental Retardation, or visit the DMR Web Page: dmr@state.ma.us.

Department of Public Health AIDS Bureau:

During fiscal year 2004, the AIDS Bureau of the Massachusetts Department of Public Health (DPH) will continue to fund twenty-nine supportive housing programs (574 units) that are currently funded by the AIDS Bureau (twenty-three congregate/clustering programs providing 266 units and six scattered-site programs providing 308 units). In

addition, the AIDS Bureau plans to continue to fund the DPH Rental Assistance Programs, a program that subsidizes 15 units (but without specific supportive services attached) in the Metro-Boston area using state funds appropriated to DPH and administered through DHCD and the Boston Housing Authority. In addition to state funds, the AIDS Bureau will continue to support during FY 04 the programs funded by HOPWA, discussed on page 13. The AIDS Bureau funds a total of thirty-two AIDS housing or housing-related programs.

Standards of Care:

The AIDS Bureau of DPH developed a set of standards of care that it published in 1997 as *Standards of Care: Supportive Housing for Persons with HIV/AIDS in Massachusetts*. The purpose of the standards of care is quality assurance: to ensure that consistent, high quality services are delivered to the residents of HIV/AIDS supportive housing programs. The standards of care are contractually binding on all those supportive residential programs funded by the AIDS Bureau; this contractual requirement became effective with all contracts established or renewed as of July 1, 1997.

In 1999 the AIDS Bureau, in conjunction with the AIDS Housing Corporation, initiated a process for all its funded supportive residential programs to conduct an evaluation of their compliance with the standards. Each program conducted a review of its program that will involve its own staff, residents of the program, and staff from a peer program. This Peer Review process was completed in the spring of 2002 and will be used as the basis for reviewing the standards of care and adjusting as appropriate. The AIDS Bureau initiated an update of the housing standards in FY 03 which will continue through the first six months of the fiscal year. The AIDS Bureau notes that the city of Boston has adopted the AIDS Bureau's standards of care as a requirement for the HIV/AIDS housing programs funded by Boston with its HOPWA and Ryan White Title I funds.

Supportive Housing Activities:

As stated above, the AIDS Bureau funds twenty-nine supportive housing programs. The AIDS Bureau continues to make a significant commitment of the state's own resources to AIDS housing programs. In the state's fiscal year 2004, the AIDS Bureau expects to spend \$4.4 million in state funds on supportive AIDS housing programs. These funds support (in whole or in part) thirty-one contracts that pay for supportive services delivered to residents and for technical assistance to provider agencies. Supportive services include outreach, assessment, case management, substance abuse services, expressive therapy, mental health support, assistance with daily living, and 24-hour supervision. The AIDS Bureau's total budget for AIDS housing and housing-related programs is \$6 million: \$4.4 million in state funding; \$1 million in HOPWA; and \$0.6 million in other federal funding (SHP, Shelter Plus Care, and ESG).

The AIDS Bureau is actively interested in funding the expansion of existing AIDS housing programs and the development of new programs, contingent upon the appropriation of additional state funds and/or the AIDS Bureau's success in applying for additional federal funds, which may become available. For additional information, contact the AIDS Bureau at (617) 624-5300.

Department of Public Health- Bureau of Substance Abuse Services (BSAS)

The Bureau of Substance Abuse Services has promoted multiple homeless initiatives. Substance Abusing homeless clients have been prioritized as they have few social supports and are more impaired by other high-risk issues including; HIV/AIDS, pregnancy, dual disorders, and/or they are involved in the criminal justice system. BSAS has worked in collaboration with the Mental Health and Substance Abuse Corporation of Massachusetts, Inc., Massachusetts Housing and Shelter Alliance, Recovery Home Collaborative and Project Able to create many of the following services.

ONGOING INITIATIVES:

- *Three shelters* : (Worcester, Psychological Center and CASPAR) have been funded for more than 10 years to support homeless clients with serious substance abuse issues. Each shelter has outreach staff to assess readiness for treatment, refer clients into treatment, provide psycho-ed groups on substance abuse and HIV/AIDS in the shelters and a limited amount of stabilization beds. BSAS funds support 220 Emergency Shelter beds/day and 25 Stabilization beds/day. (FY'04 \$1,015,596)
- Federal Emergency Shelter Grant funding is provided to shelters to provide case management and support services to address substance abuse within three homeless shelters; and other case management services for homeless clients in order to prevent/reduce homelessness. Many of these men, women and veterans are in the process of being released from county or state correctional facilities. These funds support 88 beds /day, and served an unduplicated count of 427 individuals in residential programming and 203 unduplicated individuals in services over the year. (FY'03 \$464,010 HUD funds)
- Since 1999, regional Shelter Education, Assessment, Referral and Coordination for Homeless (SEARCH) workers (five serve Boston, four in other area's) supported substance abuse outreach in shelters. This was a collaboration between ambulatory programs and shelters for substance abuse assessment and psycho-educational groups to assess treatment readiness and refer shelter clients to treatment programs. The program was generally eliminated 8-1-03 due to budget cuts. '04 funding will continue to support the Pine St Inn drop in "Night Center" which takes in 50 street homeless individuals/night. There are no sleeping facilities (For SFY '04 \$ 118,308)
- Since SFY '99 the BSAS had procured funding annually for services in Boston, to support the establishment and operation of up to twenty (20) Acute Treatment Service Level A beds (increased in '03 to 30 ATS beds for homeless), up to twenty-five (25) Transitional Support Services beds and five (5) Substance Abuse Education Assessment Referral Coordination for Homeless (SEARCH) workers. These services were 100% targeted to serve homeless individuals. For SFY'04 all ATS programs (420 beds/day) are required to serve at least 25% homeless with BSAS payor of last resort funding. (Total ATS SFY'04 funding. \$6,704,000.)

- Since FY'98 the Bureau of Substance Abuse Services collaborated with the Department of Mental Health and obtained funding from Federal HUD resources for 60 units of Aggressive Treatment and Relapse Prevention (ATARP) supportive housing for dually diagnosed Department of Mental Health criteria clients with substance abuse problems. Initiative has been renewed through SFY'04. (SFY '04 \$165,233)
- Outreach programs to at risk substance abuse clients with mental health issues were started in Greater Boston, FY '95 in collaboration with DMH, MRC, DMR and other EOHHS agencies. Originally, in the Housing Options Program (HOP) there was 30 HUD Shelter + Care subsidies, for substance abusing clients. These individuals received housing search and stabilization case management services, which were BSAS funded (\$50,511) through an Interagency Service Agreement (ISA) with DMH and its subcontractors JRI & HomeStart, Inc. In SFY '99 the BSAS funded (\$40,000) a substance abuse case management specialist, via the DMH ISA and HomeStart, Inc., to provide case management services for 20 City of Boston Shelter + Care subsidies. In SFY '00, DHCD added additional 30 "HOP" subsidies for BSAS, and BSAS provided the matching case management funds (\$15,000 annualized). (SFY'04 \$105,896)
- Federal HUD funds were secured, in a collaboration between MHSA and BSAS, for 50 Post Detoxification, Pre-Recovery (PD/PR) home stabilization beds and case management for homeless clients outside of Boston. MHSA contracts for the beds and provides statewide coordination, and BSAS procured intensive case management services within the recovery home system to support the clients. Sites in Brockton, Springfield, Worcester and Framingham are operational. (\$496,052 of federal funding and \$82,500 of matching state funds have been renewed through SFY'04).
- Two Hundred and thirty (230) Transitional Support Services (TSS) beds have been opened at sites in Boston, Weymouth, Somerville, Falmouth, New Bedford, Westboro, Quincy and Holyoke as "step down" from ATS, as well as from shelters. These services are targeted to serve, at a minimum 33%, homeless individuals. (SFY'04 \$7,895,600)
- Residential Recovery home beds (55/ beds/day, 20,021 bed days/year) and street outreach services have been targeting homeless substance-abusing clients has been secured from a federal HUD grant. Funding of these services began in 1996 and was recently awarded a funding extension for two additional years at the current level through SFY 2004. In SFY '00, BSAS expanded funding for Friends of the Shattuck Shelter "street outreach" to include weekend coverage. (\$1,000,000 HUD funds/year, \$250,000 BSAS match funds/year)
- Nine family substance abuse shelters transferred via an ISA from the Department of Transitional Assistance. (Shelter vendors advocated for the move to the Department of Public Health as their clients required public health service involvement.) Eight DTA and one DPH family shelter, including Celeste House, were re-procured in the CHNA RFR maintaining 75 beds/day capacity. DPH contracts with the Institute for Health and Recovery (IHR) to coordinate these services. (SFY '04 \$3,541,988 DTA funds , \$ 751,203 BSAS funds).

- Seventy three units of permanent Community Housing have been created for homeless recovering women and their families. This project is funded partially through a HUD federal grant with matching supportive services, coordination and resources from the DPH/BSAS and other agencies such as the MBHP and MHFA and originally started in 1995 with twenty units. (\$451,432 HUD funds/year, \$351,000 BSAS funds/year)
- Eight units of transitional housing have been created at Elizabeth House, Fitchburg for homeless recovering women, contracted through Our Father's House. This project is funded partially through the Fitchburg Housing Authority with supportive services and resources from the DPH/BSAS. (SFY'04 \$ 55,400)
- Case management services for 558 beds/day of supported housing and some shallow rent subsidies have been funded by the DPH/BSAS as part of the two CHNA RFR's released in 1994 and 1998 and again in 2003. (SFY'04 \$2,245,404).
- More than 56 houses with over 342 units have been developed for individuals recovering from substance abuse and in need of sober housing by providing first and last month's rents and coordination in the "SHARE (Sober Housing for Addiction Recovery Environments) Loan" program. Developed more than 11 years ago, BSAS recently re-procured this service and the Institute for Health and Recovery was selected to be the vendor. (\$100,000/year)
- Since FY'98 recovery home beds were expanded for criminal justice clients increasing capacity by 132 beds. These clients often end up in shelters if substance abuse services are not available. In SFY 2002 these services were expanded, adding 38 new beds to the system. SFY '04 \$584,000.
- Residential Services targeted to 18 – 24 year old homeless youth, who are substance abusers, were procured in SFY 2002. Contracted vendors are Bridge Over Troubled Waters, the Somerville Homeless Coalition (which received a HUD grant with state match) and the Southern Middlesex Opportunity Center. (SFY '04 \$ 308,000)
- Sober Housing Search and Resource Development RFR was released in SFY 02, to do systems development to prevent homelessness and to develop a database of sober housing resources statewide, as outlined in the Executive Office for Administration and Finance (EOAF) "Housing Search and Retention" Working Group's report. Eliminated in SFY' 03 due to budget constraints.

Recent Initiatives-

- Sober Housing development by providing operations match funding to Ma. Sober Housing, Inc for their \$550K HUD grant to acquire and rehab 2 houses for 20 homeless individuals in recovery in Plymouth and Chelsea. (\$7,500/year BSAS for 3 years.)

For additional information, contact the DPH Bureau of Substance Abuse Services at (617) 624-5102.

Department of Social Services (DSS)

The Department of Social Services (DSS) currently funds over 50 battered women programs to provide emergency shelter (approximately 90 days), short-term emergency safe beds (utilizing private homes, hotels and apartments for approximately 14 days) and transitional living services (up to 18 months) to victims of domestic violence and their children. These programs have approximately 800 beds statewide. There are at least six shelters, one per geographic region, that are fully handicapped accessible. Total funds: \$13,324,454.00 (\$12,774,954.00 state; \$549,500.00 federal)

DSS continues to fund the Domestic Violence/Substance Abuse Transitional Programs, *Safe Recovery* and *Spiritus*, and in SFY03 funded a third program in western Massachusetts, operated by *The Elizabeth Stone House*. These are six to twelve month residential programs for substance abusing battered women and their children. Each of these programs has the capacity to serve ten families from anywhere in the Commonwealth. In addition to achieving safety and sobriety, the programs also focus on re-unifying families in cases where DSS has custody.

Total funds: \$1,065,364.00 (\$715,364 state; \$350,000 federal)

DSS funds *Safelink*, a statewide hotline for victims of domestic violence designed to provide crisis intervention, support, information and referral, including locating emergency shelter.

Total funds: \$350,000.00 (state)

DSS funds child witness to violence programs to provide assessments, advocacy, and mental health services to families in which children have witnessed domestic violence.

Total funds: \$613,494.00 (state)

DSS funds visitation centers to provide safe and supervised visitation services to families experiencing domestic violence.

Total funds: \$812,238.00 (state)

DSS funds the Expanded Transition to Independent Living program to assist victims of domestic violence in securing housing, relocating, or maintaining current housing through advocacy, linkages to existing services, assistance with housing search, and through one-time cash assistance grants to pay for relocation costs such as first and last months rent, security deposits, and moving expenses.

Total funds: \$534,215.00 (state)

DSS continues to administer a housing search and rental assistance program, Transition to Home. This program provides short-term rental assistance and housing search services to homeless battered women and their children. The goal of this program is to move women out of homelessness and into safe, permanent housing. By offering the assistance of a housing search advocate and a stipend to be used for first and last month's rent or security deposit, battered women are given the necessary tools to transition back to permanent housing options. The housing advocates also provide ongoing stabilization services for up to six months once housing is obtained.

Total funds: \$183,052.00 (federal)

The Scattered Site Transitional Apartment Program I & II

DSS now administers and funds *The Scattered Site Transitional Apartment Program II* (SSTAP II) . Priority is given to battered women and their children who are involved with the DSS. Currently there are 36 SSTAP II apartments across the Commonwealth. This program allows battered women and their children to reside in safe apartments for up to 18 months and to receive services from a case manager and housing advocate.

Total funds: \$1,000,000.00 (state)

DSS continues to co-administer with DHCD and provide matching funds for *The Scattered Site Transitional Apartment Program I* (SSTAP I). Priority is given to battered women and their children who are involved with the DSS. Currently there are 39 SSTAP I apartments across the Commonwealth. This program allows battered women and their children to reside in safe apartments for up to 18 months and to receive services from a case manager and housing advocate.

Total DSS matching funds: \$59,360 (federal)

The Family Unification Program provides Section 8 housing subsidies to parents with children in out of home placement who are capable of caring for their children but do not have permanent or adequate housing to which their children can be returned. In addition to DSS involved families, a new eligibility category was added to this program in FY03. Individuals between the ages of 18 and 21 who left foster care at age 16 or later and who lack adequate housing are eligible to apply for FUP vouchers. Due to the freeze of Section 8 vouchers throughout the state, the FUP program has been suspended until vouchers again become available.

No DSS funds provided.

DSS also administers 14 programs through the *Emergency Shelter Grant Program* (ESG). Most of these grants are used for homeless prevention services, program support and staffing costs, and to promote economic self-sufficiency.

Total funds: \$495,000.00 (federal)

For more information on any of these programs, please call (617) 748-2333.

Department of Transitional Assistance (DTA)

The Department of Transitional Assistance provides homeless beds and services through two major programs: 1) the emergency assistance family shelter program, and 2) the individual shelter program. The following sections provide a brief overview of these two programs.

Emergency Assistance Family Shelter Program

In FY 2004, DTA expects to receive an estimated \$75.7 million for its family shelter program. This program is the Commonwealth's basic safety net program for homeless families. The program provides a mix of shelter units and support services. It serves families with incomes under \$15,260 per year or 100% of the federal poverty level. (Numbers reflect maximum incomes for a family of three). To qualify, families cannot have assets worth more than \$2,500.

Shelter Units

Families qualify for family shelter units if they have been evicted; have been displaced due to a natural disaster; live in unsafe conditions; or live in unsanitary conditions. (See CMR 106 Chapter 309 for details.) In July of 2003, the Department funded approximately 1,639 family shelter units. This reflects the caseload as of July 2003. Given the sharp increase in demand, this number could be significantly higher by the end of FY 2004. Below is the breakdown of the types of shelter units funded through DTA.

- 1) Congregate Shelter 43%
- 2) Scattered Site and Housing Demonstration Shelters 14%
- 3) Voucher Shelters 2%
- 4) Substance Abuse Shelters 4%
- 5) Transitional Shelters 5%
- 6) Motels 32%

Family Shelter Services

Under the congregate shelter system, shelter providers work with the families to help them to become self-sufficient. Staff and families work together to:

- 1) Ensure that eligible families are receiving benefits
- 2) Search for permanent employment
- 3) Coordinate child care benefits
- 4) Coordinate transportation services, and
- 5) Ensure that housing search services are provided through the Housing Assistance Program. (See description of the Housing Assistance Program below.)

Family Shelter Housing Search Services

The Department funds the Housing Assistance Program (HAP) that provides services to two different types of clients: EA eligible families who are at-risk of homelessness and EA eligible families who live in DTA homeless shelters.

To prevent families from becoming homeless, the Department provides the following types of services for at-risk families:

- Tenant/Landlord counseling, negotiation, and mediation services;
- Tenant information on eligibility for low income housing assistance;
- Educational workshops and the distribution of education materials specifically related to budgeting and housing issues; and
- Housing search services

For families living in DTA shelters HAP provides comprehensive housing search services. The HAP system has 12 vendors that cover the entire state system of DTA funded shelters.

Family Shelter Capacity

Over the last three years, the Department has faced a sharp increase in the demand for family shelter services. This demand has been fueled by two major factors. First, there is a shortage of affordable housing in Boston and Cape Cod. Second, the downturn in the economy has resulted in higher unemployment and therefore increased the number of families eligible. In addition, the recent suspension of Section 8 vouchers, the means by

which 75% of our families had secured housing, is expected to drive up lengths of stay and thereby increase the family shelter caseload further.

Because of the growing caseload numbers, the Department has more families than it can accommodate in congregate and scattered site units. The overflow cases are currently being housed in motels. The Department started FY 2001 with 29 families in motels. By August of 2001, the Department had 175 families in motels, and by July 2002, that number had increased to 443. Despite increased capacity in congregate shelters, the number of families housed in motels reached an all-time high of 599 on August 25, 2003.

Individual Homeless Shelters

In FY03, the DTA individual shelter account was funded at \$30M. Funding provided shelter for 2,335 men and 535 women (2,870 total) throughout the Commonwealth. Also provided were day programs, health care, housing search and a food bank. In FY04, the Homeless Individual appropriation is level funded at \$30M.

Department of Veterans' Services (DVS)

In 2004, the Department of Veterans' Services (DVS) expects to provide \$12,444,433 to support programs that focus on homelessness prevention, emergency shelter, transitional and permanent housing for veterans of the Armed Services who are homeless. Through grants from the US Department of Labor's Veterans Employment and Training Programs, DVS expects to provide \$1,223,739 for job training, case management and housing services for homeless and non-homeless veterans. Some estimates indicate that veterans represent one-third of single homeless individuals in Massachusetts. Funding is provided to DVS-sponsored non-profit organizations managed and staffed by veterans--the hallmark of the DVS approach. Service models emphasize veterans helping veterans.

DVS will continue to maintain its Housing Advisory Board (HAB) to share information about housing programs that benefit homeless veterans. The HAB is made up of veterans, some of who were formerly homeless, who provide housing and/or services to veterans. At the meetings, members review programs and proposals to provide housing and services to veterans, focusing on providing housing and services for homeless veterans. DVS-supported housing developments often result in the rehabilitation of housing and contribute to the stabilization of neighborhoods.

Homeless prevention:

DVS will provide \$9,053,574 to support:

- Outreach Centers: DVS will provide \$1,018,615 to nine veteran-operated outreach centers in every region of the state. These centers respond to requests for service from veterans and their families. The centers expects to see 1300 new clients in FY 04 in addition to their continuing clients for a total of 46,000 contacts.
- Emergency Assistance: DVS will provide \$8,034,959 to cities and towns to provide short-term emergency assistance at any one time to 5000 eligible veterans who

served during wartime and families of these veterans through the M.G.L. Chapter 115, Emergency Assistance to Veterans Program. These funds constitute 75% of the funds that veterans' agents in every city and town use to provide assistance for shelter, food, clothing, utilities, up to four months of rent arrears, personal needs, and insurance to veterans in crisis and their families.

Emergency Shelters, Transitional Housing and Permanent Housing:
DVS will provide \$3,390,859 to support:

- 290 shelter beds, including newly established beds for women veterans, at two veteran-operated shelters in Boston and Central Massachusetts and
- 703 rooms in transitional housing in 21 veteran-run facilities.
- 156 permanent housing in rooms or units in six locations in Greater Boston, Cape Cod, and western Massachusetts. DVS will also continue to support programs that expand permanent housing solutions for single veterans, veterans with families, and families of veterans.

The occupancy of these facilities averaged 115% over capacity in FY 03.

DVS will provide technical assistance to veterans' seeking to develop additional transitional and permanent housing. Projects are in the planning stage in two locations to serve 28 homeless veterans. One project is the redevelopment of the Director's House on the grounds of the Brockton VA Medical Center for 5 homeless women veterans and their children. The second project is a 17-person SRO and 6 studio apartments in Grove Hall on the grounds of the former Danvers State Hospital.

Job Training and Housing Placement

In FY'04 DVS is the grantee for three (3) Department of Labor/Veterans' Employment and Training (DOL/VETS) Grants. The combined award from all three is \$1,223,739. Through these three grants, the sub-grantees' goals are to assist 128 veterans into housing, to provide training to 493 veterans, and to place 545 veterans into employment, at an average wage of \$11.94 per hour. This will be achieved at a per job placement cost of \$2,245 per participant.

There are two categories of grants: Homeless Veterans' Integration Program (HVRP) and Veterans' Workforce Investment Program (VWIP). DVS has been awarded two HVRP grants for FY'04 and one Veterans' Workforce Investment Program (VWIP) grant. There are only eight VWIP grants awarded nationally. All three grants were awarded the second year extension of a maximum two-year grant. This is the final year for all three grants.

HVRP: DVS has two HVRP programs funded for a total of \$373,739. One grant is for Non-Urban areas of Massachusetts and one for the Urban PMSA of Worcester. The Non Urban grant provides specialized employment, case management, and housing services to assist eligible homeless vets to return to jobs and independent housing. The sub-grantees are located in Worcester and Haverhill. This grant is funded in FY'04 for \$150,000. The Urban grant provides specialized employment, case management, training, and housing services to assist eligible homeless vets in returning to jobs and

independent housing in the Worcester PMSA. This grant is funded in FY'04 for \$223,739.

VWIP: DVS is the Governor's designee for the VWIP grant. For eligibility, the veterans do not have to be homeless, however some of the participants do qualify as homeless. For FY'03 participants in this grant, 82 of the 534 enrollees were homeless. This grant provides specialized skills training, case management, counseling, and job placements to eligible unemployed and under-employed vets throughout Massachusetts. The sub-grantees are located in Boston and Worcester. This grant is funded for \$850,000 for FY'04.

DVS anticipates applying for grants in all three DOL/VETS categories again for the FY'05 grant cycle

Division of Employment and Training (DET)

Workforce Training Fund:

The Fund provides resources to Massachusetts businesses and workers to train current and newly hired employees. The mission is to invest in the workforce and maintain business strength and viability. Training funded will address the following priorities:

- Job retention, job growth or increased wages;
- Training to improve a company's productivity, competitiveness and ability to do business; and
- Commitments by companies to provide private investments in training during and after the grant period.

\$10.1 million was appropriated in FY 2004.

Executive Office of Elder Affairs (Elder Affairs)

Assisted Living Residences:

Elder Affairs is responsible for regulating assisted living residences in Massachusetts that house elders and disabled persons. Assisted living residences at a minimum must provide room, board, assistance with personal care services, and other activities of daily living. Currently there are 170 certified assisted living residences (10,438 units). In 2004, Elder Affairs expects to certify an additional 5 residences, with approximately 250 units. Elder Affairs is exploring ways to make assisted living more affordable through interagency initiatives with the Division of Medical Assistance, DHCD and MassHousing.

Assisted Living Ombudsman Program:

Elder Affairs will continue to fund the Assisted Living Ombudsman Program in 2004. This program is designed to respond to concerns of residents in these facilities and their families.

Supportive Senior Housing Initiative:

Supportive Housing is a collaborative venture with DHCD. This initiative creates an “assisted living like” environment in public, elderly housing. With additional state funding, Elder Affairs, through its statewide network of Aging Services Access Points, provides 24 hour on site personal care, one meal per day, case management, service coordination, and activities for residents of selected developments. The initiative is currently operating in 22 developments containing 3034 units.

Congregate Housing:

Elder Affairs funds service coordinators at 56 congregate housing sites with 720 units. Most of these sites are located in DHCD’s Chapter 667 state-aided elderly housing complexes. Congregate housing is a shared living environment designed to integrate the housing and services needed by elders and younger disabled individuals. The goal of Congregate Housing is to increase self-sufficiency through the provision of supportive services in a residential setting. Services are made available to aid residents in managing Activities of Daily Living in a supportive, but not custodial environment. Each resident has a private bedroom, but shares one or more of the following: kitchen facilities, dining facilities, and bathing facilities.

Information, including availability, location and other consumer related issues, is available at (617) 727-7750.

Executive Office of Public Safety (EOPS)

The State-funded Community Policing Grant Program has been supported by the Massachusetts State Legislature through the General Appropriations Act (State Budget) each fiscal year since 1994. The Executive Office of Public Safety is designated in the appropriation language as the administrative agency for the program.

Every city and town in the Commonwealth with a local police department, as established in Massachusetts General Law, Chapter 41, Sections 96, 97, and 97A, is eligible for Community Policing funding. Local police departments, acting in partnership with citizens, are encouraged to develop and enhance collaborative relationships with all appropriate branches of state, local, and federal law enforcement, government and regulatory agencies, private industry, schools, and community organizations for the purposes of arriving at a consensus on the crime and disorder problems within their particular communities and formulating strategies tailored to meet the particular needs of their communities.

Each year, the legislation has stipulated as part of the appropriation funding this program, that the Executive Office of Public Safety must award funds through a competitive process. As a result, upon passage of the State Budget, the Executive Office of Public Safety Programs Division sends applications to each police department in the Commonwealth. Police departments are typically required to complete and return them within three weeks. The applications are then distributed to the Community Policing Advisory Review Board to be read and scored. The Community Policing Advisory Review Board is comprised of criminal justice professionals, Community Policing practitioners, and public policy specialists. Their mission is to devise a fair and

equitable method for distributing state Community Policing funds in accordance with the parameters set forth in the General Appropriations Act.

The Community Policing Advisory Review Board has adopted an allocation method based on a community's total population (based upon the U.S. Census Bureau, 2000 population estimates). A community is eligible to receive an award in relation to its total population and the quality of its application as determined through a score by the Community Policing Advisory Review Board. Final awards are determined by earmarking in the legislation, population, and quality of the applications submitted. Actual payments occur after the review of a formal application, upon award notification.

In fiscal year 2002, \$20,802,650 was provided to 339 communities and 4 programs. \$17,675,989, or 85%, of the total appropriation was earmarked to 122 communities. The unallocated balance of \$3,126,661, was made available to the 229 remaining, non-earmarked communities according to Tier I-III eligibility levels, based primarily upon population. Tier eligibility levels were as follows: Tier I, 0-10,000 population - \$10,000; Tier II, 10,001-20,000 population - \$16,000; and Tier III, over 20,000 population - \$32,000.

Between fiscal year 1994 and fiscal year 2002, the Executive Office of Public Safety has distributed \$141,012,150 under the State-funded Community Policing Grant Program.

The General Appropriation Act of 2003 has allocated \$20,267,596 for this program in fiscal year 2003.

For further information regarding the State-funded Community Policing Grant Program, please contact Paul Jarosiewicz, Director of Law Enforcement Programs, at (617) 727-6300 x25313.

MassHousing

Initiatives to Expand the Affordable Housing Supply:

MassHousing invests resources in both rental and home ownership affordable housing. Further information regarding specific home ownership programs may be obtained by calling (617) 854-1020. Information on rental development programs is available by calling (617) 854-1371.

These initiatives are described briefly below:

Rental Housing:

Financing Programs to Create and Preserve Affordable Housing

As the state's housing finance agency, MassHousing has over a thirty-five year track record in financing affordable rental housing. Financed under a variety of federally- and state-assisted programs, MassHousing oversees a \$2.6 billion loan portfolio consisting of 502 developments and 61,536 apartment units.

MassHousing also provides administrative oversight/contract management services for an additional 35,565 units in 391 properties which have been financed by other entities. Included in this total are the properties for which MassHousing has assumed significant redevelopment, asset management, and contract administration responsibilities from HUD in its Demonstration Disposition and Section 8 programs. As these functions are delegated to the states, the Commonwealth and its housing finance agency assume an expanded and more central role in managing and preserving this inventory of assisted housing.

MassHousing's financing programs leverage a variety of federal and state resources including tax-exempt mortgage revenue bonds, Low-Income Housing Tax Credits, HOME funds, interest rate reduction subsidies, various rental assistance programs, as well as private equity. MassHousing projects that its financing for rental properties in FY 2004 will be approximately \$ 330 million.

Preserving the existing inventory of subsidized housing at risk of conversion to market rate represents a steady share of MassHousing's new business. Of the \$330 million in financing commitments forecasted for 2004, \$200 million will be targeted to the refinancing of an estimated 2,000 units in existing developments with expiring use restrictions and/or subsidy contracts. MassHousing has developed various refinancing strategies including its "Friendly Prepayment Program" to maintain and extend affordability, avoid involuntary displacement of existing residents, and address outstanding capital needs of what are now aging buildings. MassHousing has launched a new program to refinance seasoned Section 202 developments with the intention of yielding new capital to fund needed repairs and supportive services for an aging-in-place population.

Home Ownership Programs:

MassHousing provides a variety of mortgage products serving the special needs of low- and moderate-income first-time homebuyers in Massachusetts. Funded from the proceeds of Mortgage Revenue Bonds (MRBs) and other capital sources, MassHousing provides prospective homebuyers with a zero-, one-, or two-point mortgage product that

is priced an average of 75 basis points below conventional rates, with flexible underwriting standards, and little or no money down. These loans are originated through a network of banks and mortgage companies throughout the Commonwealth. Production in this program is typically \$200 million annually.

MassHousing also administers a variety of second mortgage products that enable low- and moderate-income homeowners to make needed repairs to improve their homes. Such repairs also include deleading and lead paint abatement; repairs to and replacement of septic systems; as well as retrofitting properties to become accessible to family members with a physical disability. Activity in these programs is approximately \$8 million annually.

MassHousing also operates its own Loan Servicing Center, now servicing 73% (or approximately 8,700 out of 12,000 active loans) of MassHousing's \$825 million portfolio. Servicing these loans in-house and in-state helps to ensure that MassHousing borrowers are supported, particularly in the instance in which a loan becomes delinquent and a properly-structured workout or loan modification could stabilize the loan and prevent a foreclosure. Through a network of local agencies, MassHousing provides homebuyer-counseling services to borrowers in advance of buying a home, and, importantly, provides ongoing services to borrowers so as to protect their long-term investment.

MassHousing recognizes that there is a continuum of need and services to support the housing needs of low- and moderate-income individuals and families, and that providing opportunities for those people to become homeowners fosters family self-sufficiency and strengthens neighborhoods.

This is the reason that the Mortgage Insurance Fund (MIF) of MassHousing has initiated the Municipal Mortgage and Take the T Home Mortgage Programs. These are conventional loan programs aimed at borrowers with slightly higher incomes than are otherwise permitted under the MRB-based programs. Borrowers under this program cannot earn more than 135% of area median income (\$109,080 in Boston MSA) and target those persons who want to live in the community in which they work or who ride public transportation. These programs leverage the insurance available through MIF to mitigate lender risk and encourage them to originate loans that they might not otherwise make. Anticipated volume for these programs in FY2004 is approximately \$50 million.

For more information, call (617) 854-1000 or visit www.MassHousing.com.

Massachusetts Housing Investment Corporation (MHIC)

Financing:

Funds are available for affordable housing projects through MHIC, LLC and the Massachusetts Housing Equity Fund. In January 2001, MHIC converted its loan program to a limited liability company (LLC) structure to keep pace with evolving conditions, markets, opportunities and challenges. Through the LLC, MHIC has made loans totaling approximately \$254 million to finance more than 6,800 units of affordable housing. In the coming year, the LLC expects to make loans totaling \$40 million, representing approximately 600 units of affordable housing. Through its Equity program, MHIC has raised over \$400 million to invest in more than 100 properties - and provides

about half the total tax credit investment by all investors in Massachusetts. In the coming year, MHIC's Equity Program anticipates investing approximately \$40 million, representing about 500 units of affordable housing. Fifteen participating banks currently participate in the Massachusetts Housing Investment Corporation LLC.

For more information about these programs, please contact the Massachusetts Housing Investment Corporation at (617) 850-1000, or visit our website at <http://www.MHIC.com>.

Massachusetts Housing Partnership Fund (MHP)

Massachusetts Housing Partnership (MHP) is a quasi-public agency financed by the banking industry to support affordable housing and neighborhood development. MHP provides communities, local housing partnerships, and non-profit and for-profit developers with technical assistance and below-market financing to create affordable rental housing and homeownership opportunities throughout the Commonwealth. MHP's major programs are as follows:

Permanent Financing:

MHP provides long-term fixed-rate financing at favorable interest rates for rental properties of 5 or more units to for-profit and nonprofit developers; terms are for up to 20 years and amortization is for up to 30 years. Loan amounts are from \$250,000 to \$9 million, or as low as \$100,000 if part of a community redevelopment effort. These loan products include the following:

- Permanent Rental Finance Program (PRFP): direct 20-year fixed-rate first mortgage loans;
- Massachusetts Tax-exempt Credit for Housing (MATCH): loans made from proceeds of tax-exempt bonds issued by MassDevelopment for which MHP provides credit enhancement through the Federal Home Loan Bank of Boston, which reduces the rate by as much as 100 basis points below MHP's normal rates;
- Perm PLUS: 0% interest second mortgage loans up to \$75,000 per affordable unit, which help enhance a project's affordability beyond that which is otherwise feasible, and
- the new Home Funders Program, which is funded in part by five private foundations and provides up to \$75,000 per affordable unit in 2% debt in addition to MHP's first and second mortgages, for projects reaching households at 30% of median or below.

Using all these permanent financing products, MHP expects in FY04 to provide permanent financing commitments of \$45 million for a total of 1500 additional housing units.

Technical Assistance Program:

Provides third-party consulting services up to \$5,000 per project (or up to \$10,000 for multiple properties) to determine the feasibility of potential affordable housing developments. In 2004 MHP expects to make \$100,000 in awards to support approximately 25 projects.

Chapter 40B Technical Review Assistance Program:

The Ch. 40B Technical Review Assistance Program provides up to \$10,000 per project in third-party consulting services to help Zoning Boards of Appeal and municipal Boards review proposed affordable housing developments seeking comprehensive permits pursuant to MGL c.40B. The program was developed in cooperation with the Department of Housing and Community Development and is financially supported by MHP, MassHousing and Mass Housing Investment Corporation (MHIC). MHP expects to provide \$200,000 in assistance in 2004 to support review of 20 additional proposals.

Local Housing Partnership Support Program

MHP encourages the efforts of Local Housing Partnership members by providing on-going assistance to municipally appointed local housing committees and partnerships through shared resources, training sessions and assistance awards. The Housing Partnership Support program links partnerships to each other to assist in the exchange of information and knowledge through increased communication and connection. MHP provides assistance that includes resource materials and publications, orientation presentations to newly formed LHPs, regional trainings and workshops, and assistance awards. In 2004, MHP expects to provide 4 assistance awards, 3-4 regional and 3-5 orientation trainings to partnerships this year as well as to develop and implement the statewide housing partnership listserv.

Soft Second Loan Program

MHP administers the SoftSecond Loan Program, which is funded by the Department of Housing and Community Development. The program provides "SoftSecond" loans to low- and moderate-income first-time homebuyers to reduce their first mortgage amounts and to lower their initial monthly costs so they can qualify to purchase a home. Participating lenders underwrite a 77% first mortgage and a second mortgage generally for 20% of the purchase price. The borrower pays the entire principal and interest on the first mortgage and public funds are used to subsidize the payments to the second mortgage for some borrowers. Since the borrower does not pay mortgage insurance, public funds are also used provide a loan loss reserve for participating lenders. The program has assisted 7,000 first-time homebuyers to date and expects nearly 1,000 to utilize the program in FY2004.

For more information about any of these programs please call MHP at (617) 338-7868, call toll-free at (877) MHP-FUND, or visit www.mhp.net

Massachusetts Office of Business Development (MOBD)

MOBD promotes economic development to expand all sectors of the state's economy by capitalizing on the technical, industrial manufacturing, educational, cultural, and demographic advantages of the Commonwealth. MOBD continues to provide integral business services to all sectors of the business community, including: facilitation of the regulatory, permitting and licensing processes; access to federal, state, local and private financing sources; identification of training and recruitment needs; and access to a site selection service to assist companies interested in relocating to, or expanding within

Massachusetts. In short, MOBD seeks to act as a one-stop shop for businesses, focusing on job creation and job retention in the Commonwealth.

Economic Development Incentive Program (EDIP):

One of the programs administered by MOBD is the Economic Development Incentive Program (EDIP). The EDIP is an aggressive series of tax incentives designed to stimulate job creation in distressed areas, attract new businesses, encourage existing businesses to expand, and increase the overall economic development readiness of municipalities throughout the Commonwealth. The EDIP represents a unique and innovative partnership between the business community, and state and local government. The business community commits to making a financial and personnel investment by expanding and creating new, permanent full-time jobs in Massachusetts. In exchange, the two governmental entities encourage this investment in Massachusetts by offering local real estate tax incentives and state tax credits and deductions. The Economic Assistance Coordinating Council (EACC), co-chaired by the state's Director of Business and Technology and the Director of Housing and Community Development, is charged with designating Economic Target Areas (ETAs), Economic Opportunity Areas (EOAs) and Certified Projects, the three components of the EDIP.

The EACC, has approved 45 ETAs containing a total of 185 municipalities. Within those 45 ETAs the EACC has approved 472 EOAs, 817 Certified Projects, and 13 Exceptional Opportunities throughout the Commonwealth. As of July 1, 2003, the Massachusetts Economic Development Incentive Program can be credited with:

- 830 EDIP Projects
- 51,127 New Permanent Full-Time Jobs Created
- 86,178 Jobs Retained in the Commonwealth
- \$8 Billion in Private Investment by Businesses

MOBD has a main office in Boston (617) 973-8600, and regional offices in Springfield (413) 784-1580, Worcester (508) 792-7506, Lowell (978) 970-1193, and Dartmouth (508) 730-1438.

Massachusetts Rehabilitation Commission (MRC)

Housing targeted to homeless individuals: MRC administers and/or participates in two programs designed to move homeless individuals and families with disabilities from homelessness to permanent housing.

The Homeless Shelter/Brain Injury Program

This program is targeted to assist homeless persons with brain injuries. Because of their disabilities, these individuals do not often succeed in shelter-based models of housing search. The Brain Injury Program provides case management services for homeless individuals with brain injuries who are ready to move out of shelters. Case management services can include: identifying and securing income support, medical case management as well as accessing a range of services and supports specialized for persons with brain injuries including substance abuse services and neuropsychological

services. The program also trains shelter staff to identify and work more successfully with people with brain injuries.

Housing Opportunity Program (HOP):

MRC participates with the Departments of Mental Health, Mental Retardation and Public Health in the Housing Opportunity Program (HOP). Under this HUD-funded demonstration program, DHCD secured Section 8 vouchers to assist homeless persons with disabilities to move from homelessness to permanent housing. MRC, like each of its EOHHS partners, provides supports as needed to the program participants. Under HOP, MRC has targeted homeless persons with brain injuries and homeless young adults with physical disabilities.

Transitional Housing for Homeless Persons with Brain Injuries

In FY04, SHIP (See below) will start up a transitional housing program for homeless persons with brain injuries. Located in Wilbraham (see congregates below), the program will serve individuals from across the state. This 18 month program will assist these individuals in stabilizing their lives, developing a plan to move back into the community and provide assistance in executing this plan.

Housing for people with disabilities: MRC offers a range of housing and housing-related services to assist people with disabilities to live independently in the community. The agency's philosophy is to develop housing and housing programs that meet the individual needs and preferences of people with disabilities. Historically, the housing choices of people with disabilities have been limited to segregated housing such as group homes. More recently efforts have been made at the state and federal level to expand housing options and to develop options, which meet individual needs and preferences such as mobile rental assistance programs. Efforts to diversify and expand housing options require that housing and human services agencies work together to change both housing and services models simultaneously.

MRC funds a range of programs to assist people with disabilities to live in the community. These include:

Supported Living Program

MRC funds case management services to assist people with physical and/or cognitive disabilities to live independently in the community. Program participants select the community and type of housing they prefer. Most often the housing selected is a one or two-bedroom apartment in an assisted or public housing development. Case management services are provided to assist the participants with their move into the community and managing daily life thereafter. The number of case management hours will depend on the individual's needs at any given time.

Independent Living Centers

MRC provides direct and pass through funding for eleven independent living centers (ILCs) across the state. ILCs are private nonprofit agencies whose Board of Directors is composed of at least 51% persons with disabilities. The ILC model is peer role modeling with many of the staff being persons with disabilities. The Massachusetts ILCs provide a number of very important housing services including:

Housing Search assistance: Using the Mass Access Housing Registry (see below) as well as other resources, the ILCs can assist people with disabilities in identifying housing in the community. The number of requests for this service far exceeds the ILCs' capacity to provide assistance.

Fair Housing Advocacy: The ILCs provide people with disabilities with assistance advocating against housing discrimination including filing complaints.

Skills Training: ILCs provide one-on-one skills training to people with disabilities in all areas of daily living including housing, transportation, and recreation.

Independent Living Supports: Some ILCs provide supports to assist people with disabilities to live independently in the community. These can include personal care assistance services and transportation services.

Mass Access Housing Registry

www.massaccesshousingregistry.org

Through a nonprofit vendor, Citizens Housing and Planning (CHAPA), MRC administers the Mass Access Housing Registry. The Housing Registry is an on-line computer database listing accessible and adaptable housing statewide at www.massaccesshousingregistry.org. The system keeps track of available units (an average of 60 are available at any one time) and disseminates this information on-line as well as through the Independent Living Centers (above). The system has been very successful in assisting people with disabilities including homeless persons and families to locate appropriate housing. In addition to the listings of accessible housing, the site provides important housing search information and updates such as on open Section 8 lists.

Statewide Head Injury Program Residential Services

MRC's SHIP provides residential services to persons with traumatic brain injury. These services include residential placement in shared apartment settings with 24/7 staffing and shared and independent apartments with supported living services based on individual consumer needs. There is a significant waiting list for these services.

Congregate Housing Programs

MRC has worked with DHCD to reprogram underutilized congregate housing in various communities.

- SHIP worked with DHCD and the West Springfield and Northampton Housing Authorities to reprogram underutilized congregate units as shared housing for persons with head injuries. The Wilbraham transitional program described above is also using an underutilized congregate with the assistance of the Wilbraham Housing Authority.
- MRC also worked with the Department of Housing and Community Development to develop a program for an underutilized congregate housing facility in Marshfield. Currently, the tenants are young adults with disabilities who previously resided at the Massachusetts Hospital School are living in the development. MRC provides case management services through its Turning 22 Program to assist these consumers with PCA management and accessing other supports as needed. MRC is in the process of replicating this successful model in Pittsfield using an underutilized congregate owned by the Pittsfield Housing Authority.

Home Modification Loan Program for Individuals with Disabilities

The Home Modification Loan Program (HMLP) is a program established by the state legislature to provide loans for access modifications. The loans are designed for modifications to the principal residence of elders, adults with disabilities and families with children with disabilities. The intent of the program is to modify homes for improved access to allow people to continue to live independently in their communities. Home modification loans are made available in amounts from \$1,000 to \$25,000. The funds are available through 6 regional provider agencies. The HMLP offers two types of loans, deferred payment loans and amortizing loans, dependent upon the income of eligible households. All loans are secured by a promissory note and a mortgage lien. Over 300 loans had been closed as of June 30, 2003. Applications for and more information about this program are available on-line www.state.ma.us/mrc/homemods. Funding for the program is expected to be depleted in October 2003. The legislature is currently considering a bond bill to refund the program.

Independent Living Program (ILP)

As discussed elsewhere in this Plan, DHCD made available 130 Section 8 Housing Choice vouchers for MRC consumers including consumers working with the Independent Living Centers, persons with head injuries and other MRC consumers. Unfortunately, the over-leasing of vouchers in the state's overall program has put this program temporarily on hold.

Moving to Self-Sufficiency

One of MRC's primary services is vocational rehabilitation for persons with disabilities. Through MRC's various services, over 4,000 persons are assisted in going back to work annually. With the Work Incentives Act recently passed by the federal government, it is anticipated that many more individuals with disabilities will be able to go back to work without the fear of losing important medical benefits.

Other Statutory Programs Complementing Consolidated Plan Goals

Chapter 90:

These funds are to be used for local roads and bridges. In FY 2002, Chapter 90 funds were budgeted at \$100 million in the Supplemental Budget (Chapter 150 of the Acts of 2000), \$50 million in capital funds in the 2000 Transportation Bond Bill (Chapter 235 of the Acts of 2000), \$50 million in Chapter 53(C) of the Acts of 1999 and \$100 million in capital funds for both FY'03 and FY'04 (Chapter 246 of the Acts of 2002). Funds are provided to municipalities using a standardized distribution formula based on the number of road miles, employment and population figures and can be used to finance capital construction and reconstruction of local roads and bridges. Chapter 90 eligible projects are reimbursed 100% for actual expenses incurred. To be deemed eligible for Chapter 90 reimbursement the project must be on a state-aid designated road (i.e. not a private way), must involve construction, reconstruction or other capital improvements, approved by the district highway engineer. A Commonwealth Standard contract must be signed by both the Commissioner of MassHighway and the community's designated signatory. Please call the Executive Office of Transportation and Construction (617-973-7000).

Municipal facilities:

The state provides financial assistance to cities and towns for the construction or renovation of local and regional public schools through the *School Building Assistance Program* in the state's Department of Education (DOE). Communities must apply for this funding, responding to the need criteria established by DOE. Approximately \$401 million has been appropriated in FY 2004. The Department of Education is implementing the program enacted during the FY00 legislative session. In addition, the DOE is working with the School Building Assistance Advisory Board, established by the new Chapter 70B, to implement new policy goals and the new state reimbursement funding mechanism.

Sewer Rate Relief:

The Legislature has provided funds to water/sewer and sewer districts throughout the state to alleviate the costs to ratepayers of infrastructure improvements to water and sewer treatment operations. The amount of assistance available in FY 2004 is \$5,000,000.

**Summary Table of Projected FY 2004
Housing and Community Development
Activities**

Table 1:

Federal Program	Page #	Expected Level of Funding	Expected Level of Activity	Target Population
CDBG	5	\$38,650,000 (Total)	600 units rehabbed	Low/mod households
CSBG	6	\$16,019,121	25 grants	Comm. Action Agencies
Transitional Housing	6		40 units	Public housing
Shelter +Care	7		192 units	
Dual Diagnosis	7		60 persons	Homeless, disabled
ESG	10	\$2,184,000	2,500 persons	Homeless individuals/families
FHLB	11	\$9,760,000	25 projects	Low/mod households
HOME	12	\$17,000,000 (total)		
Multi-Family Rental	12		225 units	Low/mod households
Homebuyer	12		78 units	Homeowner rehab
Down-Payment/ Closing-Cost Assistance	12		200 households	Low/mod households
LIHEAP	14	\$70,000,000 (Total)	120,000 households	Low/mod households
HEARTWAP	14		10,000 households	Low/mod households
HOPWA	13 & 43	\$1,100,000 (Total)		
Supportive Hsg. Programs	43		589 supportive hsg. units	Individuals and families with HIV/AIDS
Tenant Based Rental Assist.	13		130 rental subsidies	Individuals and families with HIV/AIDS
Rental Assistance Programs	13		2 statewide programs	Individuals and families with HIV/AIDS
LIHTC	73	\$11,500,00	25 projects	Low/mod households
Demo/Dispo	15	\$268,000,000	2,193 units	Low/mod households
Sect. 8 Contract Admin.	15		22,000 units	Low income households
Sect. 8 Rental Assistance	16		19,779 units	Low income households
Housing Options Program	17		345 vouchers	Homeless, disabled
Section 811	17		48 units	Persons with AIDS
USDA Rural Development				
Single Family	18	\$15,000,000	95 units	
Multi Family	18	\$165,000,000	2,380 units	
WAP	20	\$6,600,000	2,758 households	Low income households

State/Other Program	Page #	Expected Level of Funding	Expected Level of Activity	Target Population
CEDAC				
Pre-development	22	\$5,000,000	60 loans	
ALP	23	\$3,000,000	6-8 loans	
DEP-State Revolving Fund				Municipalities
Clean Water SRF	24	\$150-200 million	40-50 new projects	
Drinking Water SRF	24	\$100,000,000	40-50 new projects	
DHCD				
AHTF	25	\$20,000,000		
AHVP	25	\$2,300,000	350 vouchers	Low income, disabled
Capital Improvement Preservation Fund	26	\$4,750,000		Low income
Facilities Consolidation Fund	28	\$7,500,000		DMH/DMR clients
Housing Innovations	29	\$10,000,000		Very low income persons
Housing Stabilization Fund	29	\$12,850,000		Low/mod households
Local Initiative Program	31	Technical assistance	400 units	Low/mod households
MRVP	31	\$22,600,000	7,700 vouchers	
13A	31	\$6,472,904	6,873 units	Moderate, rental
Public Housing -Admin.	33	\$25,400,00	50,000 units	Very low income households
Public Housing - Mod	33	\$52,300,000		Very low income households
Soft Second	34	\$3,000,000	750 households	Low/mod households
DMH				
Housing	38	\$235,000,000	7,100 individuals	DMH clients
DMR Residential Services	41		9,000 individuals	DMR Clients
DMRVP	43		144 vouchers	DMR Clients
DSS	48	\$13,324,454	800 beds	Victims of Domestic Violence & their children
SSTAP I & II	49	\$1,059,360	75 apartments	
DTA	49			
Emergency Assistance Family Shelter	49	\$75,500,000	1,639 family shelter units	Homeless Families
Individual Homeless Shelter	51	\$30,000,000	2,870 shelter beds	Homeless Individuals
DVS	51	\$3,390,859		
Shelters	51		290 beds	Homeless
Transitional Housing	51		703 SRO rooms	Homeless
Permanent Housing	51		156 rooms or units	Formerly homeless

State/Other Program	Page #	Expected Level of Funding	Expected Level of Activity	Target Population
Elder Affairs	53			
Assisted Living	53		10,688 units	Elders & Disabled Persons
Supportive Sr. Housing	54		3,034 units	Elders in public hsg
Congregate Housing	54		720 units	Elders & Disabled in c. 667 public hsg.
MassHousing	56			
Elder Choice	56	\$30,000,000	250	25% low; 10% mod; 65% market
Portfolio Management	56	--	98,000	65% low; 15% mod; 20% market
Multifamily Production	56	\$250,000,000	2,650	35% low; 65% market
Multifamily Preservation (refinancing)	56	\$100,000,000	2,000	65% low; 15% mod; 20% market
First Time Homebuyer Mortgage Products	56	\$200,000,000	1,400	80% of loans @ 80% of AMI and below; 20% between 80% and 110% of AMI
Homebuyer Counseling	56	--	10,000	First-time homebuyers; required for buyers of 2, 3, & 4 family properties, and borrowers with less than 3% down
Home Improvement: lead abatement, septic repair/ replacement, accessibility	56	\$750,000	50	100% of AMI and below
Municipal Mortgage & Take the T Home	56	--	1,260	Same as "Homebuyers" above for buyers with less than 20% down
MHIC				
MHIC, LLC	57	\$40,000,000	600 units	
MHIC Equity Program	57	\$50,000,000	700 units	
MHP				
Permanent Financing	58	\$45,000,000	1,500 units	Municipalities
Technical Assistance	58	\$100,000	25 proposals	Municipalities
Ch. 40B Tech. Assist.	59	\$200,000	20 proposals	Municipalities
Local Housing Partnership Support	59		4 assistance awards, 6-8 trainings	Local Housing Partnerships
Soft Second Loan	59		1,000 households	First Time Homebuyers

(b) Activities

(method of distribution of HUD assistance, activities to be undertaken by the state)

HOME Program

(See also (a) "Resources" on page 12 and (f) 2. "Program-specific Requirements" on page 152).

DHCD will administer two of the four HOME program types: multi-family rental loans and first-time homebuyer assistance. DHCD will continue to award its rental funds through a competitive RFR process, with the exception of the Suburban Rental Development Pilot Production Program. DHCD will award its project-based homeownership funds on a rolling basis and its down payment and closing cost assistance through a competitive process. Municipalities, non-profit agencies (including CHDOs as defined by HUD), and for-profit developers may be eligible applicants for HOME funds. A minimum of 15% of the federal FY 04 allocation will be reserved for CHDOs serving as owners, sponsors, or developers of rental production projects or project-based first-time homebuyer projects. The Director of DHCD reserves the right to consider geographic distribution in making funding decisions for the 15% CHDO set-aside. DHCD will continue its practice of encouraging CHDOs to participate in the HOME program. For more information please contact the Department of Housing and Community Development at (617) 727-7824.

Community Development Block Grant Program

(See also (a) "Resources" on page 12 and (f) "Program-specific Requirements" starting on page 99.)

In FY 2004, the bulk of the CDBG allocation, the Community Development Fund (CDF), will be distributed through a competitive application process. Access and competitiveness within CDF are affected by an assigned Community Wide Needs score, which is calculated by DHCD for all eligible communities (non-entitlement). Community Development Block Grants allow communities to use the entire range of eligible activities as authorized by Title I of the Housing and Community Development Act of 1974, as amended. We are encouraging our applicants to target their resources in a comprehensive manner.

In addition, the Ready Resource Fund, and the Massachusetts Community Capital Fund operate on a rolling application basis. Both funds are targeted to economic development activities in communities.

The Housing Development Support Program (HDSP) grants will be awarded in two competitive rounds. HDSP is designed to facilitate small project-specific affordable housing initiatives with emphasis on creation, preservation or improvement of housing units, which may not be cost-effective under other development assistance programs or with conventional financing.

Emergency Shelter Grants

(See also (a) "Resources" on page 10 and (f) 3 "Program-Specific Requirements" on page 163.)

In FY 2003 Emergency Shelter Grant funding included allocations for operations (39.4%), essential services (27.4%), and homeless prevention (33.2%). Agencies receiving funding for these purposes included the state's Department of Mental Health, the Department of Mental Retardation, Department of Public Health, Department of Social Services, Department of Transitional Assistance, Department of Veterans' Services, and the Massachusetts Rehabilitation Commission. Funds were distributed to 48 non-profit providers statewide. Funds supported emergency shelter, case management for homeless families and individuals, tenancy preservation programs, substance abuse counseling, housing search, job training, AIDS programs, and services to homeless ex-offenders, battered women and veterans. Approximately 2,500 individuals and families were served.

For further information contact the Department of Transitional Assistance at (617) 348-5627.

Housing Opportunities for Persons With AIDS (HOPWA) Program

(See also (a) 1 "Resources" on page 13 and (f) 4 "Program-specific Requirements" on page 165.)

The AIDS Bureau established a Statewide HOPWA Advisory Committee (SHAC) in 1994 when it first became eligible for formula HOPWA funds. The SHAC was created to include providers and consumers from across the state as well as representation from the city of Boston's HOPWA EMSA (eligible metropolitan statistical area) and it was expected to meet at least twice per year to provide ongoing advice to the AIDS Bureau regarding the use of the state's HOPWA funds. It became clear in late 1998 and during 1999 that the SHAC as originally constituted was diminished in its effectiveness due to attrition of staff at provider agencies, changes in the epidemic, and changes in consumers' needs; a better way to integrate the SHAC into the established system of AIDS services was needed.

During State FY 1999 the AIDS Bureau initiated a process to reconstitute the SHAC through the network of AIDS care consortia across the state funded by the state's Ryan White Title II funds. The goal of this reconstitution was to have each Ryan White consortium wholly or mostly outside the area of Boston's HOPWA EMSA (and outside of that part of the EMSA of Providence, R.I. in Massachusetts) to identify from its geographic areas representatives (both providers and consumers) to belong to the SHAC. This has not only ensure a suitable statewide representation on the SHAC but it has also ensured a planning process better integrated into the statewide network of the delivery of AIDS services generally. The SHAC also includes representation from Boston's HOPWA coordinator, from Boston's Ryan White Title I coordinator, and the coordinator for the HOPWA funds for the EMSA of Providence, R.I. that are expended in Massachusetts. The AIDS Bureau completed the process of reconstitution of the SHAC during the year 2000.

The AIDS Bureau began using its formula HOPWA funds to expand the scope of services of the CHIP Program to address the need and demand for these services by

people with HIV/AIDS who are not otherwise eligible for CHIP's services. Specifically, because they do not meet the McKinney definition of "homeless" (CHIP was funded exclusively with McKinney SHP funds through December 31, 2000). This was discussed with the reconstituted SHAC during 2000 and the AIDS Bureau began using state HOPWA funds for expansion of CHIP services beginning January 1, 2001 for a minimum of one year. Additionally, a thorough review of the utilization, scope of service, and program design at the end of the funded period will be foundation to determine continued HOPWA funding.

The Department of Public Health (DPH) has, since 1993, encouraged providers within the various communities across the state to work cooperatively to address effectively the public health issues in their communities. It is through this effort since 1993 that DPH has bid virtually all of its contracted services; this effort is called the Community Health Network Area (CHNA) process. There are twenty-eight CHNAs in Massachusetts covering the entire state. The goal is to have all services bid through the CHNAs to enhance access to services, provide opportunities for collaboration, and to create client-centered, outcome-oriented services delivery. The CHNA RFR process was most recently undertaken in 1997; the next CHNA RFR is expected to be released in mid to late 2001 with contracts effective with July 1, 2002. All of the AIDS Bureau's housing contracts, including the contracts funded with HOPWA dollars, are included in the CHNA RFR schedule.

A process has begun among three principal funders to investigate the utility of developing a joint RFP process of AIDS housing programs in Massachusetts. The coordination and planning for AIDS housing activities between the state (DPH's AIDS Bureau for the use of HOPWA funds) and the city of Boston (Boston's Department of Neighborhood Development (DND) for the use of HOPWA funds and Boston's Public Health Commission for the use of Ryan White Title I funds) earmarks this initiative. This joint venture would enable all three funders the opportunity to maximize the coordination of the use of their housing resources—not only federal grants such as HOPWA and Ryan White, but also other resources, such as state funds for AIDS housing activities. This process would build on the experience gained by the state and the city of Boston through the coordination of case management services in the Boston area funded by the state with Ryan White Title II funds and by Boston with Ryan White Title I funds. The hope is that such a joint effort between the state and Boston could be scheduled to coincide with the state's CHNA RFR schedule. It is anticipated that this exploration will continue during the year 2002; and that a joint venture to release a joint RFP may be released during the year 2003 for contracts starting in 2004.

For additional information, contact the AIDS Bureau of the Massachusetts Department of Public Health at (617) 624-5300.

(c) Geographic Distribution of Funds

All funds except CDBG resources, which are available only to HUD non-entitlement communities, are proposed to be available statewide.

The HUD entitlement communities in Massachusetts are:

Arlington	Fitchburg	Malden	Somerville
Attleboro	Framingham	Medford	Springfield
Barnstable	Gloucester	New Bedford	Taunton
Boston	Haverhill	Newton	Waltham
Brockton	Holyoke	Northampton	Westfield
Brookline	Lawrence	Pittsfield	Weymouth
Cambridge	Leominster	Plymouth	Worcester
Chicopee	Lowell	Quincy	Yarmouth
Fall River	Lynn	Salem	

DHCD will continue its past practice of seeking to competitively award HOME funds in those areas of the Commonwealth that do not receive HOME funds as a result of entitlement community or HOME consortium designation. DHCD will competitively award HOME funds for first-time homebuyer and rental loan projects in entitlement communities that provide a match for DHCD administered HOME funds.

ESG seeks to provide funds in non-entitlement areas; program guidelines set specific conditions regarding circumstances when requests from entitlement communities for state ESG funds would be considered.

The HOPWA allocation plan is as presented in the state HOPWA application submitted in the fall of 1994. The changes that have occurred since then are: the furniture fund was eliminated and never funded; the moving assistance was eliminated (and thus never funded) from the rental assistance program; and the HART program (staff capacity building) was funded only through June 30, 1999. An additional activity, the School Street Community, was funded with HOPWA funds as of August 1997 and funded through the state in FY 2003. Thus, the programs currently funded with the state's formula HOPWA grants are: 1) The CHIP/TBRA Program; 2) The Rental Assistance Programs (HPP & RSP); and 3) Foley House. All of these activities are statewide in scope except for the location-specific programs: Foley House on Cape Cod; however, both of these programs are available to any eligible resident of the Commonwealth of Massachusetts.

(d) Homeless and Other Special Needs Activities

includes emergency shelter, transitional housing, homelessness prevention, housing of special populations

The housing and community development goals presented in the 2000 Consolidated Plan include activities specific to homelessness and special needs populations. The wide variety of programs and services available through the Commonwealth's administration of federal funds and the provision of its own programs are described in the (a) "Resources," (b) "Activities," and (f) "Program Specific Requirements" sections of this Action Plan.

The Commonwealth's primary aim with regard to homeless and special needs populations continues to be ensuring that a network of services leading to greater self-sufficiency and a continuum of housing opportunities are in place for those presently homeless or at risk. Shelters are the initial focus for accessing these services and identifying more stable housing options. EOHHS and its agencies continue to support the reconfiguration of shelter models to transitional and permanent housing options for families and individuals.

(e) Other Actions

Identifies additional resources and programs complementing or enhancing the Commonwealth's housing and community development objectives, including Low-Income Housing Tax Credit activity, removing barriers to affordable housing, reduction and evaluation of lead-based paint hazards, anti-poverty strategy, institutional structure, coordination among providers, and public housing resident initiatives.

Beyond the four programs (CDBG, HOME, ESG, and HOPWA) specifically covered by this Action Plan, the Commonwealth will undertake a variety of initiatives intended to meet its housing and community development needs. Most notable among these are implementation of Executive Order 418, which was issued on January 21, 2000.

Executive Order 418

Executive Order 418, established in January of 2000, required state agencies to take two steps intended to help overcome barriers to the production of housing for households with a broad range of incomes:

1. DHCD, The Executive Office of Environmental Affairs, and the Executive Office of Transportation and Construction made up to \$30,000 available for each Massachusetts city and town to complete a "community development plan," which is a targeted, strategic plan for the future development of a municipality, including

- creation of new housing opportunities;
- targeting of commercial or industrial economic development;
- improvement of transportation infrastructure; and
- preservation of open space.

This planning program will continue through June 2004, although no new grant awards were made after June 2003.

2. DHCD, the Executive Office of Environmental Affairs, the Executive Office of Transportation and Construction, and the Department of Economic Development give preference in awarding discretionary grants to communities, which are making progress toward housing development for individuals and families which span a broad range of incomes.

DHCD designed a certification process to allow communities to receive this preference by demonstrating creation of new housing supply, either homeownership or rental. From FY2001 through FY 2003 certification requirements became more difficult. In FY2004, new housing creation must meet the numerical goals set by each community. In FY2001 a total of 201 communities were certified, in FY 2002 a total of 188 communities were certified, and in FY2003 190 communities were certified. For more information on housing certification criteria and guidelines for FY 2004 please visit the EO 418 website at: <https://www2.massdhcd.com/e418hcportal/> Certification reports for each certified community for each year from FY2001 - 2004.

Low-Income Housing Tax Credit Activity

Program Description: The Low Income Housing Tax Credit is a federally authorized program that assists in the production and preservation of affordable rental housing for low-income families and individuals. The program supports a broad range of activities including acquisition, new construction, and rehabilitation of existing rental properties consistent with an annual Qualified Allocation Plan. For calendar year 2004, the Commonwealth anticipates receiving authorization to allocate approximately \$11.5 million dollars in tax credits to 25 projects.

Eligible Applicants: For profit developers and non-profit developers.

Eligible Activities and Affordability Requirements: Tax credits can be used to support the acquisition and/or rehabilitation of existing structures for rental use, including distressed or failed properties, or the new construction of rental projects. Projects seeking tax credits must have a minimum of 8 tax credit-assisted units. The minimum term of affordability is thirty years.

All units receiving tax credit assistance must have 20% or more households earning no more than 50% of area median income or 40% or more households earning no more than 60% of the area median income. In addition, ten percent of the total units must be reserved for persons or families earning less than 30% of area median income. (Please see the additional program information below for a list of maximum rents and household incomes for your community.)

Funding Limits: The maximum tax credit award for a new assisted living project is \$500,000. The maximum for any other project is \$1,000,000. The maximum eligible basis per unit in tax credit developments is \$150,000 for preservation projects and \$155,000 for production projects.

Selection Criteria:

- Strength of overall concept
- Strength of development team
- Demonstrated need for project in the target neighborhood
- Suitable site and design
- Appropriate scope of rehabilitation or construction
- Appropriate total development cost for properties included in proposal
- Financial viability of the project
- Degree of local support, including local funding commitments
- Evidence of readiness to proceed
- Evidence of satisfactory progress on projects previously funded with dhcd resources
- Certification in accordance with executive order 418
- Incorporation of smart growth and sustainable development principles

How to Apply: DHCD makes Low Income Housing Tax Credit funding available through a Notice of Funding Availability (NOFA), twice yearly. Applicants must complete and submit the One Stop Housing Application.

Contact: For additional information please call the Low Income Housing Tax Credit staff at (617) 727-7824.

Removing Barriers to Affordable Housing

Nature Of Barriers

In Massachusetts, several barriers to the development of affordable housing exist. Some of these barriers are unique to affordable housing. Others apply to housing development generally.

The economics of housing development in Massachusetts dictate that new housing affordable to low and moderate income persons cannot be produced without some source of subsidy; the costs of development are simply too high to permit rents or purchase prices low enough for households at or below 80% or 100% of median income.

Some of these development costs arise out of fundamental conditions. High construction costs are one of these fundamental cost drivers. The most geographically variable construction cost component is labor cost. Massachusetts is a high wage state that normally has a comparatively high cost for construction labor. This cost has been driven even higher by the current economic prosperity in the state. Prosperity has resulted in tightness in the labor market, which inflates the wages that workers can command. It has also resulted in increased construction activity in the last few years as businesses expand and homeowners undertake house additions and renovations at the

same time that government has been doing substantial construction – most notably the Central Artery/Tunnel project and new schools across the Commonwealth. The increased construction activity in all sectors has driven the prices demanded by contractors even higher.

An even more important fundamental housing cost driver is the cost of land. The eastern half of Massachusetts, where housing price increases have been most dramatic, is relatively densely settled, and land suitable for residential development is scarcer than in many other areas of the country. This natural scarcity inflates land values and, since the cost of land is a significant portion of the cost of development, results in higher cost for new units.

But the very high cost of housing development is not solely attributable to geography. Some patterns of land use regulation have contributed as well, by limiting the locations where residential development can occur and the efficiency with which land can be used. Examples of such regulations are excessive minimum lot sizes, frontages, and setbacks, as well as unnecessary restrictions on acceptable lot shapes.

An additional impediment to development is the process of obtaining all necessary permits. Processes created to allow for due consideration of relevant issues raised by a development project can be and too often are abused to delay the project. Even when the needed permits are ultimately obtained, the delay results in unnecessarily increased costs. In addition, the risk of an unpredictable delay can prevent development by making it impossible to obtain and retain site control for a period that can sometimes last several years for a larger project. Finally, some communities have adopted outright -- and low -- limits on the number of new residential building permits they will issue in a given year.

Building codes and the way that they are applied imposes another set of costs. This is especially true for the renovation of existing structures. It has been suggested that the application of building requirements to rehabilitation projects can cause excessive costs. The Massachusetts Building Code attempts to address this concern by laying out rules that match the extent of requirements to the scope and size of the project. Its intent is to require that rehabilitation work introduce no new safety risks and that only improvements that can be achieved at reasonable expense relative to their benefit be required. However, builders have suggested that some requirements are still unreasonably expensive and that the state building code is not uniformly interpreted and administered by building inspectors, who work for and at the local level of government. As a result, builders doing rehabilitation projects fear that particular inspectors' understanding of the code or their predispositions of how to enforce it could result in unexpected costs.

Finally, an aspect of each of the development impediments discussed above is local discretion. Massachusetts has several centuries of history, a constitution, and laws that ensure local control of a wide variety of decisions, including most of the government decisions surrounding development. Zoning ordinances are adopted by town meetings or city councils. Zoning and land use regulations are enforced by local building inspectors, subject to appeal to local zoning boards of appeal. Local conservation commissions and their inspectors enforce state environmental law and regulations, as well as any additional local regulations, at least initially. Local public works and water departments and water and sewer districts enforce local standards for road, water, and sewer construction. Governor Romney has invited the Legislature to create a task force

to re-examine the State Zoning Act and the Subdivision Control Law, c. 40A and 41 respectively, to suggest modifications that will improve land use patterns, maintain appropriate local control while creating pathways for increased housing development.

As a result, communities may act to promote or defend their local interests in a manner that does not take into account statewide interests, including the importance of maintaining housing affordability. They do so by obstructing residential development projects that they view as having undesirable local impacts. Often in response to vocal abutters, local officials can, decision by decision, reject or sufficiently complicate and inflate the cost of projects in a manner that cumulatively contributes to the imbalance of housing supply and demand that has driven housing prices to their current high levels. Indeed, major national developers of multifamily properties have indicated that they believe their investments in Massachusetts are safe and sound, not only because rents are high, but also because they can rely on high entry barriers imposed by regulation and the way communities respond to local opposition to prevent competition from forcing down their rents and profits.

Several of the most prominent economists who have studied land use, including Anthony Downs of the Brookings Institute and William Fischel of Dartmouth College, cite local regulations as the greatest single cost driver that impedes housing supply growth. They estimate such restrictions increase costs by as much as 30% to 50%.^{1,2} Analysis by the Executive Office for Environmental Affairs indicates that local regulations require new development to have 50% less density on average than existing development in the same community.

Market economics would indicate that when prices for a good increase, producers should respond by increasing the supply of that good that they offer; higher prices (including real estate rents) make a greater number of projects, with their particular costs structures, viable. The impediments to residential development, however, have combined to prevent the housing market from responding to price increases in the manner that they should. Rather than increase commensurate with the increase in demand for housing, the number of housing starts has remained fairly stagnant, averaging 17,612 units per year over the last decade. Though the number of housing starts in Massachusetts increased by 12% in 1998, (to 19,254 units), there has been a decrease in the three subsequent years. The number of housing starts in Massachusetts actually dropped in 1999, 2000, and 2001 by 1.5 %, 5.1 %, and 5.4% respectively³. In 2001 Massachusetts ranked 47th of the 50 states in building permits per capita, dropping from its rank of 46th the previous year.⁴ The predictable result of this supply constraint in the face of great demand has been significant increases in real estate prices and rents. Massachusetts housing prices rose 10.99% in the twelve months ending December 30, 2001, a much greater increase than the 6.3% rate of increase for the nation as a whole.⁵

¹ Margery Austin Turner and G. Thomas Kingsley, "Housing Markets and Residential Mobility," 1993, The Urban Institute Press: Washington, DC, p. 261

² William A. Fischel, "Do Growth Controls Matter? A Review of Empirical Evidence on the Effectiveness and Efficiency of Local Government Land Use Regulation," Lincoln Institute of Land Policy, 1990, p. 29

³ US Bureau of the Census

⁴ US Bureau of the Census

⁵ Repeat Sales Home Price Index, Fannie Mae and Freddie Mac.

Strategy For Addressing Barriers

While localities exert control over the issues listed above, the state is undertaking initiatives and creating incentives to help communities approach residential development more positively. Executive Order 418 directs the Executive Office of Environmental Affairs, the Executive Office of Transportation and Construction, the Department of Housing and Community Development, and the Department of Economic Development to give preference in awarding discretionary grants to communities that demonstrate progress in addressing the need for housing for a broad range of incomes. Communities can initially demonstrate this progress by implementing measures that improve the climate for housing development, including zoning and other regulatory changes, which ultimately lead to the production of units.

In addition, a special commission was established to analyze government imposed barriers to residential development and to recommend to the governor specific legislative regulatory, policy and operational changes at the state and local level. This Special Commission on Barriers to Housing Development (The Commission) examined building codes (especially in terms of their application to the renovation or rehabilitation of properties) and the way they are locally enforced, zoning, aspects of tenant-landlord law, and the application of environmental requirements. The Commission also analyzed whether delays or conflicting standards are present in the enforcement process of the state code.

The Report of the Governors Special Commission on Barriers to Housing Development was presented to Governor Swift in January of 2002. Governor Swift issued an Executive Order to create a code coordinating council at the state level to coordinate the building and specialty codes, and create a forum for discussing the processes for the promulgation of regulations, licensing, inspections, and appeals. In addition, the Governor directed the Department of Environmental Protection to modify its regulations to provide for the implementation of slower percolation rates, not more than 60 seconds, under the general provisions of Title 5

In March of 2003, Governor Romney established a Task Force comprised of legislators, local officials, builders and developers, housing and environmental advocates to re-examine and improve the effectiveness of the comprehensive permit, authorized by Chapter 40B of the Massachusetts General Laws. The comprehensive permit may be issued by a local zoning board of appeals (ZBA) once a project eligibility letter (also known as a site approval letter) has been issued by a state or federal subsidizing agency allowing an affordable housing development to be built, notwithstanding zoning, land use, and other local (but not state) ordinances and regulations. If a comprehensive permit is rejected in a community in which less than 10% of total housing units are listed on the state's Subsidized Housing Inventory, the developer may appeal the decision of the ZBA to the state Housing Appeals Committee, which can order a comprehensive permit to issue. DHCD promulgated new Chapter 40B regulations March & August of 2001, and December of 2002, which balance the concerns of developers of affordable housing with those of local communities.

All of these steps are being taken in recognition of housing affordability's vital importance to the quality of life of all but the most affluent households, and to the continuing economic competitiveness of the state. The Commonwealth will continue its

efforts to ameliorate the negative, restrictive effects of government policy on housing development for individuals and families across a broad range of incomes.

Evaluation and Reduction of Lead-Based Paint Hazards

Introduction

Since 1987, when the Massachusetts passed a proactive lead law that required owners to inspect and, if necessary, abate all units where children under six reside, the incidence of childhood lead poisoning in Massachusetts has declined significantly. Prior to this “modern” lead law, there were well over 1,000 children statewide that became lead poisoned each year (BPb > 25 mcg/dl⁶ as defined by state regulations). In FY 2002, there were 129 cases of childhood lead poisoning at the state defined level. Somewhat more--279 children—were identified with blood leads in excess of 20 mcg/dl, the current CDC defined lead poisoning level. The statewide lead poisoning incidence rate (at BPb > 20 mcg/dl) now stands at 1.2 children per thousand. A total of 696 children were identified with blood lead levels of 15 mcg/dl or greater.

However, exposure to lead in the home environment continues to present problems for low-income residents of older, deteriorated housing. Over 900 children had blood lead levels that reportedly exceeded 10 mcg/dl (reporting at 10 mcg/dl is not as consistent or accurate as it is at higher levels). Most of those identified, approximately two-thirds, live in certain high-risk communities in the Commonwealth. These are predominantly older cities where the state’s lowest income residents are able to find affordable housing. Although exposure is typically at lower levels, it is now known that these levels can cause developmental delays and behavioral effects. The US Center for Disease Control has characterized them as “levels of concern” requiring environmental and medical intervention.

The Massachusetts Department of Public Health Childhood Lead Poisoning Prevention Program (MACLPPP) has primary responsibility under Massachusetts law to educate the public about lead hazards and to ensure that affected children receive the interventions that are needed, including mandatory blood lead testing, inspection and abatement, known as deleading in Massachusetts statutes and regulations. The Massachusetts Lead Law and related regulations comprise a comprehensive system of primary and secondary interventions, including:

- Mandatory blood lead testing and reporting, enabling identification of high-risk areas.
- A public education campaign continuously supported through the Lead Education Trust Fund (generating \$500,000-1,000,000 per annum) supporting 8-10 regional non-profit groups that target high-risk communities. MACLPPP directs and monitors these groups through a central lead education position.
- Preventive inspections and enforcement through local housing code officials, special state inspectors, a state-supported attorney and housing courts.

⁶ Mcg/dl = micrograms per deciliter

- Mandatory training and licensing of inspectors and deleading contractors. Annual mandatory re-training of inspectors.
- Case management of affected children through a regional system of MACLPPP trained and supported lead nurses and lead counselors.
- Strict liability for owners of real property, strongly promoting the deleading of all housing units occupied by families with children under the age of six.
- Mandatory notification of lead inspection and lead hazards upon sale or lease-up. The state notification system has been reviewed and accepted by the USEPA.
- Public funding for low and moderate income homeowners seeking to address lead hazards through all of the state and federal affordable housing programs, the state supported get The Lead Out Program and the Massachusetts Lead Abatement Program IV (HUD Lead Hazard Control Program Round 10 grant).
- A state Tax Credit of \$1500/unit for units that are abated as a result of private sector investment.

In Massachusetts, deleading means abatement of accessible, protruding and impact surfaces. A variety of methods are permitted depending on the surface, including component replacement, covering with durable materials, paint removal, and coating with state-approved liquid encapsulants. On less hazardous surfaces, paint stabilization is sometimes permitted. Soil remediation is not required under Massachusetts regulations. Owners are responsible for continuing compliance in units where lead paint remains in-place.

Data Analysis

The data available in Massachusetts is quite extensive, especially for blood lead levels by community and region. Under the Massachusetts Lead Law, most children under the age of four years must be blood lead tested at least annually, and children in high risk communities must be tested at least annually, and sometimes more often, until six years of age. All data must be reported to MACLPPP where it is entered in databases and analyzed by a staff epidemiologist. In 2002, 75% of children between the ages of nine months and four years old were tested, a statewide "penetration rate" that is among the highest in the nation. Approximately, 53% of all children up to age six were blood lead tested. The vast majority of these children are tested in the course of routine health care examinations (in their doctor's office)—an approach which has been advocated and supported by MACLPPP since 1971. Further, by state law, each child must produce a certificate of blood lead testing upon entry to kindergarten. The data generated through these requirements is used to identify geographic areas in the Commonwealth where rates are highest, as well as to identify children at lower levels of concern--those high enough to be assigned to the state's case management system (typically, at BPb 15 mcg/dl but sometimes at 10 mcg/dl). Most public resources are targeted to high-risk areas identified using the blood lead data, including the community education programs funded through the Massachusetts Lead Education Trust Fund, the low-cost, deferred loans available through the Massachusetts Get The Lead Out Program, and the grants available through the Massachusetts Lead Abatement Program IV (a HUD Lead Hazard Control Grant).

In addition, MACLPPP maintains databases that track lead inspections, deleading notifications, and units with certificates of compliance. In FY 2001 and FY 2002, as part

of a substantial upgrading of data systems, these databases were upgraded and integrated to produce, among other outputs, a Registry of Lead-Safe Units.

An estimate of Massachusetts's dwellings that contain lead based paint can be derived from HUD's "Report on the National Survey of Lead-Based Paint in Housing". Given that Massachusetts has the highest percentage of pre-1950 housing stock in the nation at 47% statewide, it can be reliably estimated that at least 75% of the housing units in Massachusetts contain some lead paint, with the percentage in some older cities in the 70th percentile range.

Analysis of Lead Paint Hazards

HUD's guidance on the number of dwelling units with lead based paint hazards relies on its 1995 national study of lead based paint in housing, titled "Report on the National Survey of Lead-Based Paint in Housing."⁷ Using HUD's formula, the Figure 1 summarizes the estimates of the potential number of Massachusetts housing units with some level of lead hazard.

Table 1: Estimates of Potential Lead Based Paint Presence in Massachusetts Housing⁸

Age of Unit	Total # Units	HUD Estimated % of Units with lead based paint	Estimated number of units with lead based paint present	Estimated number of units occupied by low and very low income families (1990 census)
Pre-1940	960,742	90%	864,668	319,927
1940-1959	506,355	80%	405,084	149,881
1960-1979	664,989	62%	412,293	152,548
Total Pre-1980	2,132,086		1,682,045	622,357
1980-1990	340,625	0%		
Est. 1990-2000	443,082	0%		
Total Units	2,915,793	58%	1,682,045	622,357

However, these are potential hazardous units and do not take into account the number of units in which the lead-based paint hazards have already been abated. MACLPPP records for the period 1995-2000 indicate that about 18,000 units are being inspected each year, with over 4,000 units being treated each year. Given that the Massachusetts Lead Law cuts across all state and federal programs, and is applicable in any public or private housing where children under six reside, and considering the significant level of

⁷ "Report on the National Survey of Lead-Based Paint in Housing", Department of Housing and Urban Development, 1995.

⁸ HUD estimates that 90% of units built prior to 1940, 80% built between 1940 and 1959 and 62% built between 1960 and 1979 contain some lead based paint. This table applies these formulae to 1990 census data.

rehabilitation activity in the 1980s and 1990s, there has been a substantial and consistent reduction in the number of units that have not been deleaded or otherwise treated so that they are lead-safe. In the last five years, consistent records have been kept and it can be conservatively estimated that over 110,000 units have been brought into compliance with the regulatory requirements. It is likely that many units were complied through renovations. In the period of 1995-2000, 87,550 units were inspection reports were filed with MACLPPP, with 23,047 units found lead-safe on initial inspection (presumably as a result of renovations), 8,946 achieving a Reoccupancy Certificate (an initial stage permitting safe reoccupancy after deleading), and 7,978 attaining a Letter of Full Deleading Compliance (the final, complete stage required under state regulations).

While lead hazards remain to be addressed, the incidence of childhood lead poisoning in Massachusetts has dramatically decreased over the past decade. This progress is, in part, attributable to the state's comprehensive system of intervention. The Table 2 shows the extent of this decline over a broad range of relevant blood lead levels.

Table 2: Historical Trends in Incidence of Lead Levels in Children 0-6 Years Old Screened in Massachusetts⁹

<u>Year</u>	<u>At Risk (15-19 mcg/dl)</u>		<u>Lead Poisoned Federal (20-24 mcg/dl)</u>		<u>Lead Poisoned State (>25 mcg/dl)</u>	
	<u>Cases</u>	<u>Ratex 1000</u>	<u>Cases</u>	<u>Ratex 1000</u>	<u>Cases</u>	<u>Ratex 1000</u>
1987					1,001	5.5
1988					838	4.2
1989					776	3.5
1990					846	3.7
1991					869	3
1992					767	2.5
1993			120		770	2.7
1994			661	2.3	599	2.1
1995			650	2.3	522	1.8
1996			510	1.9	385	1.4
1997			426	1.6	365	1.4
1998	957	3.7	372	1.4	268	1
1999	707	2.8	279	1.1	231	0.9
2000	559	2.2	258	1.0	201	0.8
2001	426	1.7	159	0.7	159	0.7
2002	417	1.7	150	0.6	129	0.5

Licensed inspectors must file a copy of each inspection report to the MACLPPP. Table 3 shows the number of inspections and resulting deleading notifications in recent years.¹⁰

⁹ Ibid. mcg/dl means microgram per deciliter. Ratex is the rate per 1000. Missing data for moderate and high-risk categories, is uncollected data or extremely difficult to access.

¹⁰ The gap between inspection and notifications cannot be entirely explained. It could be the result of rehabilitation and subsequent deleading; no children under 6 are present; or no deleading was performed.

Table 3: Lead Inspections and Deleading Notices 1994-1998

Year	State Inspections	Private Inspections ¹¹	Deleading Notification
1994	651	17,240	3,897
1995	584	17,975	4,211
1996	483	18,381	4,298
1997	458	14,378	4,966
1998	382	12,557	4,436
Total	2,558	80,531	21,839
% of Total Units	1%	3%	1%
% of Total Pre-1980 Units	1%	4%	1%

In summary, the statistical evidence strongly suggests that after more than fifteen years of the nation's most stringent and comprehensive lead law, Massachusetts has made substantial progress in reducing childhood lead poisoning although there is still an ongoing problem in some older urban areas with significant concentrations of pre-1950 housing and low-income households.

Based on the percentage of pre-1950 housing, the incidence of lead poisoning, and in some if the percentage of low-income population, the MACLPPP currently classifies 21 cities and towns as high-risk communities for lead-based paint hazards.¹² Nearly two-thirds of the Commonwealth's low-income children live in these cities, and they accounted for nearly three-fourths of all cases of elevated blood lead (EBL) levels (BPb>15 mcg/dl) -- nearly 8,000 of the 13,000 EBL children identified statewide over the period from 1995-2000. It is necessary to continue to focus resources in these areas to make further progress.¹³

Table 4: High Risk Communities for Lead Poisoning- July 1, 1997- June 30, 2002¹⁴

Community	5 Year Cases	Rate (Cases x 1000)	% Low Income	% Pre-1950 Housing	% Adjusted Rate	% Screened	Entitlement or Non-entitlement Community
Attleboro	22	2.3	32	38	1.8	76	E
Boston	439	3.5	45	48	6.9	92	E
Brockton	123	5.0	44	46	6.6	84	E
Chelsea	38	3.0	56	48	6.5	95	NE

¹¹ When inspections are done by private inspectors, the results are also kept in the state central database, if reported.

¹² Massachusetts Department of Public Health, September 2003.

¹³ These had at least 20 cases of poisoning and were where the average number of cases screened adjusted for the percentage of households of low or moderate income were above the state average and were adjusted for the percentage of houses built before 1950.

¹⁴ Massachusetts Department of Public Health website, September 2003.

Housing and Community Development DRAFT FY2004 One Year Action Plan

Chicopee	16	2.1	49	42	2.8	58	E
Fall River	34	1.5	57	64	3.9	80	E
Fitchburg	42	5.2	47	66	10.3	69	E
Haverhill	66	4.5	35	49	5.0	67	E
Holyoke	39	3.4	56	55	6.7	76	E
Lawrence	108	4.7	59	61	11.0	74	E
Lowell	78	3.0	45	54	4.7	71	E
Lynn	128	4.8	47	66	9.7	86	E
Malden	25	2.8	38	58	3.7	64	E
Medford	16	2.0	33	71	3.0	66	E
New Bedford	87	3.6	58	66	8.9	90	E
Pittsfield	22	2.2	49	61	4.3	92	E
Salem	21	2.4	40	61	3.8	93	E
Somerville	32	2.3	36	78	4.2	84	E
Springfield	138	4.1	56	52	7.8	64	E
Westfield	15	2.1	38	36	1.8	72	NE
Worcester	106	3.3	49	57	6.0	69	E
MA High Risk	1,579	3.5	47	60	6.4	79	
Massachusetts	2,199	1.8	35	44	1.8	72	

Notes:

Only those communities with at least 15 cases and their adjusted rate no less than the state rate of 2.2 during this five-year period have been included.

5yr Cases = Number of newly confirmed cases with blood levels 20 mcg/do or above (children 6 months to 6 years of age) identified between July 1, 1994 and June 30, 1999.

Rate (Cases X 1000) = (5yr Cases) / (children screened during this period) * 1000.

%Low Income = Percentage of households with low or moderate income.

%Pre-1950 = Percentage of housing units built prior to 1950.

Adjusted Rate = (Rate by town) * (%Low Income by Town/% Low income MA) * (% Pre-1950 town/ % pre-1950 MA).

%Screened = Percent of children 9 months to 4 years of age tested for lead poisoning during this period using 2000 Census population estimates (some communities have a percentage above 100 because the population is underestimated).

Lead Based Paint Strategies

The HUD Lead-Safe Rule became effective on September 10, 2001. Most requirements of the Rule were already being met in Massachusetts as a result of the Massachusetts Lead Law. In the past five or so years, an estimated 10,000 units annually have been deleaded, or certified lead-safe as a result of inspections done by state-licensed inspectors. In the public sector, all state family public housing units were deleaded, at a cost of approximately \$30 million. Further, all substantially renovated "family" (one bedroom or larger) units in DHCD's state and federal housing programs, including the federal HOME, CDBG, and Tax Credit programs, and the state Housing Innovations Fund, Housing Stabilization Fund and Tax Credit programs have been deleaded to meet

Massachusetts requirements. Finally, all public assisted leased housing units--there are both state and federal programs ongoing in Massachusetts--are required to be deleaded whenever children under six are present. These actions closely follow requirements in the HUD Lead-Safe Rule.

In 2001, DHCD undertook a review of state requirements relative to the new federal requirements, and obtained clarification from HUD on several obscure issues. In 2002, DHCD trained all of its subgrantees to implement the clarified requirements through three widely attended training sessions. Further, MACLPPP developed a training curricula for risk assessments, including the risk assessments required under the Lead-Safe Rule, and trained all licensed inspectors in Massachusetts in FY 2002. Finally, in 2003, MACLPPP promulgated new regulations to unify state requirements for XRF inspection with HUD standards.

The Commonwealth intends to continue to implement and refine the implementation of the Massachusetts Lead Law and the HUD Lead-Safe Rule, targeting high-risk communities, including the following activities:

- Mandatory, universal blood testing of young children and central reporting to MACLPPP. Review and analysis of results and dissemination of public information on high-risk areas. Identification of EBL and lead poisoned children per CDC Guidelines. Referral to state supported case managers and lead nurses.
- Low cost analysis of blood lead samples through the State Laboratory Institute.
- The training and licensing system for inspectors and contractors by MACLPPP and the state's Department of Labor and Workforce Development (DLWD).
- Public education activities funded through the Lead Education Trust Fund and coordinated through the state-supported Lead Educator at MACLPPP. Include 8-10 local groups that focus on public education in designated high-risk areas.
- Testing and registration of liquid encapsulants by MACLPPP.
- Case management of all children with blood lead levels of 15 micrograms/deciliter. Development of new data systems to identify and case manage children with blood lead levels of 10 micrograms/deciliter. Includes home visits by lead counselors and health care follow-up by "lead" nurses (both supported by state).
- Enforcement through local housing officials, public inspectors and housing courts. MACLPPP provides public lead inspectors, training for local building officials to perform Lead Determinations (there are over 200 trained at present), and legal services for bringing cases to court.
- Maintenance and improvement of central databases at MACLPPP, including development of a Registry of Lead-Safe units.
- Revisions to existing regulations to lower the cost in deleading, including moderate risk and low risk deleading regulations permitting lead-safe contractors and owners to perform some types work after training and certification. Implementation of moderate and low-risk regulations through training and public education.
- 0%, deferred payment loans through the Get The Lead Out Program administered by DHCD and the Mass Housing Finance Agency. As of 9/1/03, over \$9 million is available in the GTLO account.
- Continuation of the state deleading tax credit of \$1500 per unit.

- Continuation of the HUD-supported Massachusetts Lead Abatement Program IV (HUD round 10)), focused on providing extra incentive for abatement in high risk communities.

These actions extend well beyond the requirements of the HUD Lead-Safe Rule, or other federal requirements. They result in abatement of thousands of private and public housing units as a result of state and private investment. Further, in the public sector, initiatives are targeted at high-risk communities where the evidence strongly suggests that additional investment and support is needed to protect children.

Use Massachusetts Lead Abatement Program IV (HUD Lead Hazard Control Round 10) to Target High-Risk Communities

As of February 1, 2003, DHCD began implementation of a Round 10 Lead Hazard Control Grant Program grant, known as the Massachusetts Lead Abatement Program IV. Of this \$2.16 million grant, \$2.13 has been made available to the nine carefully selected subgrantees. All subgrantees are serving one or more high-risk communities, with over 350 units to be abated. The average grant contribution is projected at \$3,500 per unit with matching funds derived from various state and federal sources (CDBG, HOME, HSF, HIF, etc.), and especially from the state's Get The Lead Out (GTLO) fund. The requirements of the Massachusetts Lead Law and the HUD Lead-Safe Rule must be met for all units. Upon completion, all units must attain a Letter of Final Deleading Compliance in conformance with the Massachusetts Lead Law.

The state will continue its efforts to ensure that adequate financial assistance is available for inspection and abatement of units in which low-income owners and tenants reside or are expected to reside. The GTLO program, providing 0%, deferred payment loans for deleading to low and moderate-income homeowners, and 3% loans to investors, remains adequately funded. The state will continue policies that require lead work in the context of affordable housing development, including renovation projects funded through the state's (federally funded) HOME and CDBG programs, as well as all of the state-funded affordable housing programs such as the Low-Income Housing Tax Credit, Housing Stabilization Fund, and Housing Innovations Fund programs.

Get the Lead Out Loans and State Tax Credit

The state intends to continue state funding for low-cost loans for lead inspection and abatement, especially through the MassHousing-DHCD Get The Lead Out Program. This program provides state funds for MassHousing to purchase lead abatement loans originated by designated lenders. From the program's inception in 1994 until July 2003, approximately \$56 million has been loaned to over 2200 low- and moderate-income borrowers resulting in abatement of over 5,000 units.

In addition, the state permits a tax credit of \$1500 per unit for units brought into compliance with the state deleading requirements. Over the past few years, approximately \$4 million per year in credits has been taken by eligible owners. To date, in excess of \$36 million in credits has been taken by Massachusetts's taxpayers. Although it is not likely that these tax credits benefit low-income owner-occupants to a great extent (these owners are not likely to have extensive tax liability), it is very likely

that they benefit low and moderate income tenants significantly when their landlords take advantage of this taxation reduction program.

Deleading of State-Aided Family Public Housing

DHCD has completed its aggressive program of deleading state-aided family public housing units. Since 1992, DHCD has funded the abatement of lead hazards in its 14,043 family public housing units. This deleading work triggered other related modernization work when it was determined that it was more cost effective to replace some building components rather than to delead them. The total cost of this abatement and related work was approximately \$140 million.

Deleading of Private Housing

The state's lead program is substantially targeted to high risk communities, particularly to the private rental housing stock in those communities where low- and moderate-income households are likely to reside in units with significant hazards. All of the units where EBL children are identified are entered in the state case management system, which often results in an Order to Correct being issued. In addition, local code officials trained to perform lead determinations continue to conduct preliminary lead inspections and order full-scale inspections where needed. Finally, targeted public education campaigns continue and state supported lead counselors continue to assist any Massachusetts citizen seeking a lead safe home.

Anti-poverty strategy

Summary

Anti-poverty strategies are an integral part of program design, development and implementation throughout the Department of Housing and Community Development (DHCD). The Department recognizes that the approach to mitigating the causes and effects of poverty must be incremental and sustaining. It is only through this method that self-sufficiency can be attained.

Anti-poverty strategies initiated by DHCD involve the development and implementation of both human service and economic development activities which assist economically disadvantaged persons in identifying problems and their causes, and then developing plans to overcome these barriers.

The desired outcome of these activities is to achieve the highest level of family and community self-sufficiency. The objective is to empower low-income families to thrive with minimal dependence on "public assistance". Ultimately, anti-poverty strategies result in the revitalization of communities in way that ensures their economic viability as well as their environmental and social vitality.

DHCD programs and policies seek to address the full spectrum of problems facing low-income families and communities. The Commonwealth's fiscal policies, (particularly the state income tax,) have been developed to help alleviate the disproportionate financial burden of the working poor, and support DHCD's initiatives.

The responsibility for mitigating the causes of poverty does not rest solely with DHCD. To carry out this “mission”, DHCD collaborates with a variety of resources within the community as well as other state agencies, to provide comprehensive programs within every community in the Commonwealth of Massachusetts.

Welfare Reform

In 1995 the Commonwealth of Massachusetts through legislative mandate reformed its welfare system, now known as Transitional Aid to Families with Dependent Children (TAFDC) program, with a primary objective of assisting recipients make the transition from welfare to work. The reforms include financial work incentives and strict work requirements.

Before welfare reform, the workforce development system in Massachusetts was designed primarily for “pre-employment” preparation for welfare recipients and other economically disadvantaged individuals. Traditionally, an individual would first receive assessment services to identify areas of occupational interest, and the academic skills needed to achieve occupational goals.

Due to the enactment of welfare reform, the workforce development system began to reshape the provisions of its service to a “work first” system. This new approach, which is based upon the philosophy that the best preparation for work is work itself, shifts the focus from education and training to immediate job readiness. Under this approach, job placement is a first step to economic self-sufficiency.

To help former TAFDC recipients become more financially secure, the Commonwealth provides health and employment-related income support such as MassHealth coverage (Massachusetts Medicaid program), child support, food stamps, rent subsidies, and similar types of assistance, which help families achieve greater income security. Housing is a critical component to successful and sustained employment. There are four primary situations in which the lack of affordable housing creates a substantial barrier to employment to welfare recipients:

- When a job pays wages that are insufficient to support the living expenses, including rent, of the family;
- When the available jobs are not within reasonable proximity to the recipient’s home;
- When transportation to the available jobs is complicated or unavailable to the recipient because of where she lives; and
- When appropriate childcare is not available near the recipient’s home or workplace.

DHCD’s JOBLink program is an example of a statewide approach to stabilizing current and former TANF clients making the transition from welfare-to-work by linking Section 8 vouchers with an array of other publicly funded critical resources.

HUD has awarded 2,000 Welfare To Work Vouchers to DHCD, which will be administered as the JOBLink Housing Voucher program. JOBLink will support families to make a successful transition from welfare to work by providing tenant-based rental

assistance to meet critical housing needs and bridge the gap between entry-level incomes and high housing costs. JOBLink participants will also be able to enroll in the Family Self Sufficiency program for additional support in achieving career development and economic independence goals.

Massachusetts Department of Transitional Assistance (DTA), the Commonwealth's designated TANF agency, is a key partner agency that works closely with DHCD and its regional contractors in all aspects of the program. DTA has committed both administrative and financial resources to support DHCD's JOBLink initiative. DTA is involved in the referral of recipients to insure that recipients are securing all services for which they are eligible.

Massachusetts Executive Office of Transportation and Construction (EOTC) provides a coordinated system of information, transportation problem solving, training on how to access transportation, as well as immediate transportation services for DTA clients moving into the labor force.

The Office of Child Care Services (OCCS) coordinates all subsidized care services in the Commonwealth. Current TANF recipients are eligible for continued childcare assistance. Additionally, once a TANF case has been closed, the recipient is guaranteed continued child care assistance for up to a year provided the recipient is working or engaged in a DTA approved employment services program.

JOBLink is an example of extraordinary interagency cooperation and successful collaboration at the highest levels of state government.

DHCD, (through its Bureau of State Rental Assistance Programs,) and the Commonwealth's human service agencies and Local Housing Agencies have worked to coordinate a pragmatic approach to assist individuals and families achieve independence from the public welfare system. Acknowledging that by providing the means to acquire safe, decent, affordable rental housing is critical in assisting a family or individual out of poverty and off welfare, the Department has designed its housing policies to complement the efforts of Commonwealth's Department of Transitional Assistance (DTA) Welfare to Work strategy. By working together, DHCD and DTA help families to move out of poverty and welfare, and attain self-sufficiency.

DHCD's Bureau of State Rental Assistance has implemented policies that coordinate with the various efforts that have been undertaken by DTA and other social services agencies by issuing the following policies:

Welfare to Work Income Exclusion

In conjunction with the Department's Bureau of Asset Management, which oversees state-aided public housing units, State Rental Assistance has implemented the Welfare to Work Income Exclusion. This exclusion of earned income for a period of one year, allows a household who has terminated from Public Assistance to maintain the same rent share as when they were on assistance. During this period, the household is able to stabilize their economic situation before experiencing an increased rent share.

Reissuance of MRVP Mobile Vouchers

The passage of legislation in FY 2000 that became effective December 1, 1999, has enabled the Local Housing Agencies that administer the Massachusetts Rental Voucher

Program to reissue a mobile voucher that has been surrendered by another household. The administering agencies are required to conduct outreach to homeless shelters when establishing a waiting list for the vouchers that may become available this fiscal year. The established tenant selection criterion for the program also ensures that individuals who are homeless are given priority for a voucher.

Family Self-Sufficiency Program and the Moving to Work Demonstration Project

Other DHCD programs created to support economically distressed families are the Family Self-Sufficiency Program and the Moving to Work Demonstration Project. The goal of the Family Self Sufficiency Program is to assist families in establishing and achieving their employment and self-sufficiency goals. During the five-year participation period, this is achieved through case management support, program activities, the escrow savings account, and linkages with resources and services available through government, non-profit, and private sector organizations. DHCD's Family Self Sufficiency Program, which had 742 participating families as of June 30, 2003, is offered to all Section 8 Rental Assistance participants, building upon the premise that housing security is a foundation from which to work toward greater economic independence. Local and state-wide coordination is provided through FSS Program Coordinating Committees representing key service providers: the Department of Employment and Training, the Department of Transitional Assistance, One-Stop Career Centers, training programs, health centers, and child care resource agencies.

Under the authority of HUD's Moving To Work (MTW) Demonstration program, DHCD's MTW Project redesigns a portion of its Section 8 project account to support families moving from public assistance to employment and greater self-sufficiency. The MTW Project will provide an annual stipend to each participating family that has three targeted uses: 1) a shallow rent subsidy, 2) an automatic contribution to a monthly escrow account, and 3) a supports budget for work and education related expenses. Each family will have an MTW Advisor to support them in meeting their basic needs and achieving their further goals through case management, program activities, and referrals to a network of service providers. During the five-year demonstration period, the project will serve at least 183 families in the greater Boston and southern Worcester county areas. The dual goals of DHCD's MTW Project are to promote long term success in the labor force and to promote and support housing choice for participating families. An advisory group comprised of representatives from local Department of Transitional Assistance offices, Department of Employment and Training Offices, Department of Social Services offices, One Stop Career Centers, and other relevant public and private organizations supports each program component.

In recognition that welfare recipients are not the only economically distressed population, DHCD funds self-sufficiency initiatives that assist the general population of low-income communities; the working poor, the elderly, the homeless, and individuals with behavioral health issues.

Elderly Assistance

Massachusetts has made additional efforts to provide income supports and other assistance to ease the burdens for those living below or close to the poverty line.

Special attention has been brought recently to the needs and priorities of low-income elders. The Executive Office of Elder Affairs estimates that 13.7% of the state's population is now above 65; this percentage is expected to stay steady through 2010.

Slight growth through 2010 is expected in the population above 85, currently estimated at 2.1%, with a projection to 2.4% by 2010.

Recent initiatives include:

- "circuit breaker" property tax credit on the state income tax for those above 65 (individual income limit - \$40,000; husband and wife income limit - \$60,000) with property valuations at or below \$400,000. The credit is determined by determining the amount by which the taxpayer's property taxes, together with the eligible amount of that taxpayer's water and sewer charges, exceed ten percent (10%) of the taxpayer's income. The maximum credit available is \$750.
- An expanded pharmacy assistance program offers aid to both elders and those with disabilities. This program fills the gap when prescription benefits under private insurance, including HMOs, are exhausted. The program provides unlimited coverage, with a \$3.00 co-payment for generic drugs, insulin, and disposable syringes, and a \$10.00 co-payment for brand name drugs. This program is scheduled to expire at the end of this calendar year, and be replaced with one or more of the proposals discussed briefly below.
- Massachusetts is actively exploring options for purchasing consortiums that may also aid in lowering prescription costs.
- A new pharmacy program is under serious consideration in the state legislature to provide insurance for "catastrophic" pharmacy costs; this proposed program would be available to all who need it, regardless of income, after private insurance and an individual's yearly contribution limit (not yet defined) has been reached. An initial cost estimate for the program is \$72 million/year.
- Reforms in the private insurance market for prescription drug coverage are also being examined, given the high cost of "medigap" policies, and the inability of low-income seniors to continue to afford such programs.

Other Anti-Poverty Measures

Community Service Block Grant

The DHCD through its Division of Neighborhood Services distributes Community Service Block Grant (CSBG) funds to a statewide network of 25 Community Action Agencies (CAAs). Fund support CAA core operations and a variety of anti-poverty services. CAAs are mandated to develop, implement, coordinate and evaluate the effectiveness of a variety of anti-poverty programs; and assist low income families and individuals who reside in their designated service areas to achieve economic self sufficiency.

CSBG allocations are used to support family-oriented programs and activities that include the following areas:

- Childcare/ Head Start
- Family counseling
- Food distribution
- Healthcare
- Homelessness prevention
- Homeownership opportunity
- Community economic development
- Crime prevention
- Domestic violence counseling/prevention
- Drug/substance abuse
- Education/ literacy
- Elderly services
- Emergency assistance
- Employment/training
- Mental health counseling
- Transportation
- Youth development

Housing Assistance Program (HAP)

Funded by Department of Transitional Assistance, HAP provides a housing search for families that is designed to ensure that families who are in a housing crisis situation are able to secure and retain permanent housing. Implementation includes pursuing an aggressive housing placement program, mediation, landlord/ tenant dispute resolution, involvement of diverse community resources, and training in money management.

McKinney Emergency Shelter Grant Program (ESG)

The Stewart B. McKinney Federal Homeless Assistance Act of 1986 established the McKinney Emergency Shelter Grant (ESG) program. The Executive Office of Health and Human Services (EOHHS) is the state agency designated to receive and distribute these funds from the US Department of Housing and Urban Development. EOHHS works with a network of state agencies to assure that funds are equitably distributed through the Commonwealth. This network, known as the Interagency Task Force for Housing and Homelessness, was designed to improve the quality of existing homeless programs. ESG includes programs which target homeless shelters (to increase shelter bed capacity, renovate facilities, establish programs directed to the shelter population), and programs designed to prevent homelessness.

DHCD supports the following homelessness prevention activities:

- The provision of short-term subsidies used to defray rent and utility arrearages for families that received eviction or utility notices;
- The provision of funds for the use of security deposits or first month's rent to permit a homeless family to move into their own apartment;
- Mediation for landlord/tenant disputes; and
- Legal services programs to prevent foreclosure.

DHCD's Bureau of Energy Programs (BEP) receives federal funding to plan, coordinate, and manage the Low Income Home Energy Assistance Program (LIHEAP) and the

Weatherization Assistance Program (WAP). The Bureau develops a plan, budgets, allocations, and guidance to enable it (and its network of nonprofit organizations) to implement and carry out the program objectives.

Low Income Home Energy Assistance Program

The Department of Housing and Community Development's Division of Community Services administers approximately \$70 million annually to assist low-income households in meeting the high costs of home heating. Approximately 136,000 households will be assisted in federal FY 2004. Within the LIHEAP funds, \$5.5 million will be set aside in FY 2004 for the *Heating Emergency Assistance Retrofit Task Weatherization Assistance Program (HEARTWAP)*. These funds provide for a comprehensive heating system repair and replacement program for low-income (LIHEAP-eligible) households. This emergency-based program will serve approximately 10,000 households between October 1, 2003 and September 30, 2004.

A network of local subgrantee agencies, covering every community in the Commonwealth, manages these programs. These programs serve to help maintain affordable housing by making energy costs more manageable for low-income residents. For additional information about these programs, call the Department of Housing and Community Development, Division of Community Services, at (617) 727-7004.

Weatherization Assistance Program

Administered by the Department of Housing and Community Development's Division of Community Services, this U.S. Department of Energy funded \$6.4 million weatherization effort will provide comprehensive energy conservation retrofit services to an expected 2,650 low-income households in FY 2004. The conservation services provided will reduce the average household's heating cost by 23%. The FY2004 program year runs from April 1, 2004 to March 31, 2005. For additional information about the program, call the Department of Housing and Community Development, Division of Community Services, at (617) 727-7004.

Community Food and Nutrition Program

DHCD supplements the US Department of Health in funding the Community Food and Nutrition Program (CFNP). The CFNP coordinates existing private and public food assistance resources to better serve low-income families and individuals; assists low-income communities to identify potential sponsors of child nutrition program; and develops and initiates new innovative programs in underserved or unserved areas.

Economic Development

Another key area in which DHCD has targeted resources is economic development. Through DHCD's Division of Community Services, funding is made available for public and private housing development and rehabilitation, as well as community revitalization.

Massachusetts Community Development Block Grant

Massachusetts Community Development Block Grant (CDBG) is a flexible program that provides municipalities and individuals with resources which are expended as part of an

anti-poverty strategy. Housing rehabilitation programs provide low-interest or deferred loans to individuals and families who cannot afford to improve, repair, and maintain their homes. Loans are often made to repair older, more deteriorated homes, which often contain lead paint and failing septic systems. Improvement objectives are threefold: to rehabilitate housing stock; to increase the value of the building; and to preserve housing units that are affordable to low and moderate income households. Down payment assistance for homeownership is provided to finance closing costs, paying up to 50% for down payment and financing acquisition costs. Support for the creation of housing units continues to be provided by the Housing Development Support Program (HDSP).

Activities supported by Massachusetts CDBG have a priority of expanding economic opportunity particularly through the programs of the Massachusetts Community Capital Fund (MCCF) and the Ready Resource Fund. Assisted projects emphasize the retention or creation of permanent jobs with wages adequate to promote greater self-sufficiency. Recent efforts have included linking assisting business development through incumbent workforce training for low and moderate-income individuals. All Massachusetts CDBG programs encourage case management for social service activities.

Neighborhood Housing Services

The Neighborhood Housing Services (NHS) program assists local residents, and public and private sector institutions and organizations in reinvesting in distressed urban neighborhoods, and rehabilitating affordable housing for low-moderate income households. The NHS program promotes neighborhood revitalization through partnerships with neighborhood residents, local officials, members of the banking and business communities, and state government. Since its inception in 1982, the NHS program has provided millions of dollars in low-interest loans to homeowners to undertake rehabilitation projects. As a result, the NHS program has been able to mitigate blight and reverse decline in neighborhoods suffering from disinvestment. DHCD anticipates contracting a total of \$502,982 with five agencies in FY 2004. For more information, call the Department of Housing and Community Development, Division of Community Services, at (617) 727-7004.

Coordination Among Providers and Agencies

In order to maximize efficiency in its policies and programs, DHCD's reach extends to a wide variety of public and private agencies. As a result of the cooperative efforts forged among these partners, the Department is able to improve service delivery and broaden its knowledge of the major issues facing its constituents.

The department is currently involved in a variety of interagency initiatives including:

Cabinet Meetings

As a member of the Governor's cabinet, the director of DHCD attends weekly discussions with cabinet secretaries and other department heads to discuss timely topics and resolve major issues affecting the residents of the Commonwealth. Many of the issues brought to this table require interagency cooperation and participation.

Interagency Task Force on Housing and Homelessness

The Swift administration has identified housing as a top priority in order to ensure the state's continued economic growth. In October of 2000 The Executive Office for Administration and Finance published two reports titled "Moving Beyond Serving the Homeless to Preventing Homelessness" and "Breaking Down the Barriers: Changing Housing Supply Dynamics in Massachusetts". These reports identified a number of strategies that state agencies working together could employ in order to increase housing production and improve access to housing. That year the Governor's Special Commission on Barriers to Housing Development, included participation by several state agencies, local officials, and advocacy groups which proposed housing policies that increase the housing stock and make permanent housing more available to citizens across a wide spectrum of income levels. The Special Commission's report was published in January 2002.

Enhanced Community Based Services Plan

DHCD is working in conjunction with a number of state agencies (including EOHHS, DTA, DSS, DPH, MRC and DHCD) to respond to the needs of the disabled community. The state agencies, drawing upon recommendations from the Olmstead Advisory Group are set out the strategic activities in Expanding Community-Based Services: Phase One of Massachusetts' Plan. The Activities are grounded in the concepts that services should respond to the needs and preferences of individuals, that specific steps may be taken immediately to strengthen Massachusetts' commitment to people with disabilities, and that certain complex system functions or gaps will require careful and deliberate analysis in order to effect necessary systemic changes. Proposed analyses include a universal information and referral database; transition assistance services; supports for family care giving; and sustainable financing methods; these analyses are designed to assure that the state can move deliberately to implement effective practices.

Highlights of Phase One activities include:

- Continuing to target for community placement individuals for whom community placement is desired and available.
- Educating individuals residing in facilities, as well as their families and support systems, about the array of community-based services available, residential options available, their eligibility status for those services, and then documenting the individual's preferences;
- Identifying and capturing information related to individuals with disabilities who reside in public facilities and could relocate safely to the community and either provide or document the absence of necessary services and supports.
- Require that all state agencies offering long-term care pre-screen Medicaid eligible beneficiaries seeking facility-based services for the possibility of community-based care;

- Designing and implementing pilot projects to evaluate different models of service coordination for community based individuals and individuals wishing to leave a facility;
- Completing the implementation of new income disregards in determining MassHealth eligibility for personal care attendant (PCA) services to include people aged 65 or greater;
- Identifying improvements to expedite the approval of medical equipment, assistive technology, and PCA services prior approvals; and
- Improving the availability of accessible and affordable housing throughout the state.

Implementation of Phase One activities will begin in October of 2002. The activities will be implemented using existing resources, including current appropriations and the Real Choice Systems Change, Nursing Home Transition and Medicaid Infrastructure grants.

Health and Human Services Task Force on Special Needs Housing

As a member of this task force, DHCD works in partnership with the Executive Office of Health and Human Services and the Department of Veterans' Services to ensure federal McKinney grants provide the maximum benefit to recipients.

Economic Assistance Coordinating Council

DHCD's director co-chairs the Economic Assistance Coordinating Council Meetings (EACC) together with the director of the Department of Economic Development. The purpose of these meetings is to assist small businesses across the Commonwealth by providing tax incentives and technical assistance.

Administration of Executive Order 418

Together with the Executive Office of Environmental Affairs, the Executive Office of Transportation and Construction, and the Department of Economic Development, DHCD administers two programs created by E.O. 418 designed to help communities increase the supply of affordable housing. One program provides grants to communities to create a "Community Development Plan" to serve as a comprehensive strategic plan for future growth and development, and the other creates a priority in discretionary funds distributed by the four agencies to communities that demonstrate progress in increasing the supply of affordable housing units.

The Governor's Commission on Domestic Violence

The director is a member of this commission which is comprised of a variety of private and public agencies that share a common goal: to protect and improve the quality of life and quantity of services provided to victims of domestic violence.

Other continuing outreach and coordination efforts

Other continuing outreach and coordination efforts include:

- Membership on the Local Government Advisory Committee, a group of 40 local officials who meet periodically with the governor or lieutenant governor on issues of mutual state and local concern. Among issues discussed are local aid, education funding to communities, transportation and economic development;
- Membership on the Metropolitan Area Planning Council and the Massachusetts Association of Regional Planning Agencies;
- Representation on the Rural Development Council, a federal initiative to encourage partnerships among the state, federal, and local governments, and private businesses to identify rural concerns and establish priorities for concerted action.
- The CDBG Bureau has developed a close working relationship with the Massachusetts Office on Disabilities (MOD). MOD offers added expertise as the Bureau works with grantees on their Americans with Disabilities Act (ADA) compliance and regulatory issues. The CDBG Bureau and its grantees also benefit from MOD's technical assistance on specific project design and development, as well as on review of proposed activities.
- DHCD has been resourceful in accessing the expertise available from the U.S. Environmental Protection Agency, Massachusetts Department of Environmental Protection, and the Governor's Office for Brownfields Revitalization. These resources enhance the Department's capacity to assist communities with redevelopment of properties that may have environmental contamination issues.
- MassDevelopment is a quasi-public state agency responsible for financing and managing community and economic development projects. DHCD and MassDevelopment make use of one another for referrals, coordinate to ensure efficient use of resources, and partner when necessary or desired on worthy projects.
- DHCD meets regularly with DTA to collaborate on developing short and long term solutions to providing housing assistance to DTA's shelter and motel population.

The department also maintains relationships with grantees of both state and federal grant programs, and targets larger municipal audiences through its own publications, workshops, and contributions to similar endeavors sponsored by the Massachusetts Municipal Association. In addition, daily monitoring of housing authority operations, as well as participating in conferences and workshops sponsored by the Citizen's Housing and Planning Association (CHAPA), and the Massachusetts chapter of the National Association of Housing and Redevelopment Officials (NAHRO) serve as vital links to the housing authority and non-profit housing development and advocacy communities.

The Director of DHCD or her designee, chairs the Board of Directors of CEDAC, serves as vice-chair of MassHousing and has a seat on the CDFC Board of Directors. DHCD also manages a Community Response Line, a toll-free number for local officials and residents to call with questions relating to municipal problems. Through further development of internet resources, the department is able to offer on-line applications for several grant programs, community profiles, and links to other key governmental agencies. In addition, our website enables users to submit questions directly via email and receive prompt responses from DHCD staff. This tool serves to remove the bureaucratic barriers encountered by individuals experiencing difficulty navigating the state website.

Public Housing Resident Initiatives

No Massachusetts state agency administers federal public housing funds. DHCD does, however, fund and oversee a portfolio of approximately 50,000 state-aided public housing units owned and operated by 248 local housing authorities (LHAs). The state has taken several steps to encourage tenant participation and homeownership.

Encouraging tenant participation in public housing management

DHCD recognizes that effective administration of its public housing programs includes effective tenant organizations. To encourage the formation of representative organizations and to provide such organizations with the opportunity to be heard and participate in matters affecting the interests of the residents, DHCD has promulgated regulations on tenant participation.

State regulations require that for state-aided public housing, local tenant organizations (LTOs) are consulted when changes in policies affecting tenants are proposed, when the annual operating budget is prepared, when LHA jobs become available or when modernization funds become available to the LHAs. They are notified of all LHA board meetings. Each LTO proposes an annual budget, based on the number of units it represents for funding its administrative functions. In addition, DHCD annually provides funding to the Massachusetts Union of Public Housing Tenants, which advocates for all public housing tenants on a statewide level, helps new LTOs organize, and provides related assistance to LTOs.

In June of 2000, DHCD developed new grievance procedures for residents. Those new procedures were welcomed at the Massachusetts Union of Public Housing Tenants because they ensure fair and equitable treatment for all residents of state-aided public housing.

Encouraging homeownership among public housing tenants

The state has set up a program, which allows tenants of participating LHAs to have the portion of their rent attributable to work-related expenses, including taxes, to be held in escrow for their benefit. Tenants can accumulate up to \$10,000 in their escrow accounts and access these funds to pay expenses of making the transition to unsubsidized private

housing, including homeownership. The program was first implemented in state FY 1999 at five LHAs and has now expanded to 35 LHAs .

Self Sufficiency Initiatives

In addition, DHCD's rent regulations support tenant self help by allowing tenants a one-time twelve month opportunity to exclude earned income from the rental calculation as they move from dependency on government cash benefits to self-sufficiency through employment.

Several other regulatory provisions also support tenant self-help. Tuition for a household member who is not a full-time student is deductible from income for the purpose of rent determination. (State public housing tenants pay either 25% or 30% of their net income for rent, depending on whether they pay for all, some or no utilities.) Wages earned by a full-time student are not included in family income. Finally, daycare expenses are deductible up to the full amount of a tenant's income. All of these measures are intended to provide incentives for work or education.

(f) Program Specific Requirements

1. CDBG

FY 2004 Draft One Year Plan - Preface

The U.S. Department of Housing and Urban Development (HUD) requires the Commonwealth of Massachusetts, and all other Formula Grantees, to prepare a Five Year Consolidated Plan. The state's Consolidated Plan sets forth long term priorities for the use of funds received from HUD's Community Development Block Grant (CDBG), HOME, Emergency Shelter Grant (ESG), and Housing Opportunities for People with AIDS (HOPWA) programs, and from other state and federal sources.

During the development of the FY 2000 - FY 2004 Five Year Consolidated Plan the Massachusetts Department of Housing and Community Development (DHCD) outlined the anticipated timetable for its competitive CDBG grant rounds (CDF and HDSP) for fiscal years 2000 through 2002. In accordance with the Five Year Consolidated Plan, the application deadline schedule for FY 2001 and FY 2002 was accelerated. Three grant rounds (FY 2000 – FY 2002) were scheduled for a 13-month timeframe that usually accommodated only two competitive grant rounds. The reason for accelerating the timetable was to help address timely expenditure concerns of the U.S. Department of Housing and Urban Development. DHCD has now reestablished annual CDF and HDSP application deadlines for FY 2004 and beyond.

Preparation of the Massachusetts CDBG One-Year Plan and Application is again taking place in advance of the overall One Year Plan development schedule that incorporates the HOME, ESG and HOPWA programs. DHCD will hold informational sessions on the Draft CDBG One Year Plan in September 2003, and will hold formal public hearings on the overall One Year Plan later in the fall of 2003.

The following summarizes proposed changes and clarifications in this Draft FY 2004 CDBG One-Year Plan.

Highlighted Clarifications/Proposed Changes In Draft Fy 2004 One-Year Plan

- DHCD has proposed a new formula for determining the Community Wide Needs (CWN) score, and has prepared a new chart with each community's new score. The CWN score establishes a municipality as either a CDF I or CDF II community, and is a contributing factor for designating Mini-Entitlements. The CWN score therefore determines the CDF component to which a community may apply. Communities with a CWN of 18 or greater may apply to CDF I. Communities with a CWN of 17 or less may apply to CDF II.

The CWN score also makes up 25 of the 100 points used to score CDF I applications. The new CWN scores, and the indicators used to determine the scores, are found in Exhibits at the end of this Draft One Year Plan.

- In response to comments that larger grants are needed to keep pace with rising

costs, the maximum Community Development Fund (CDF) grant awards have been increased to \$800,000.

- DHCD is in the process of evaluating the Mini-Entitlement Program and its continuation beyond FY 2004. As a result, all FY 2003 Mini-Entitlements will be held harmless in FY 2004 and eligible for up to \$600,000. **Mini-Entitlements that meet the timely expenditure threshold at the time of application will have the option of either applying non-competitively for the \$600,000, or alternately, applying competitively for up to \$800,000.**
- DHCD will evaluate projects in part on the degree to which the project is consistent with the sustainable development principles listed in Exhibit 5.
- Housing rehabilitation programs and public facilities projects will be required to use Energy Star building performance standards in FY 2005. Use of those standards for projects and programs in FY 2004 is one example of how an applicant can demonstrate consistency with one of the sustainable development principles. Those standards are found at www.energystar.gov.
- DHCD will no longer score projects on the degree to which a project addresses the purposes of Executive Order 418, but will continue to offer bonus points to communities certified as being in compliance with EO 418.
- As forewarned in the FY 2003 One Year Plan, DHCD will require design development drawings **for all FY 2004 public facilities and architectural barrier removal projects of \$25,000 or more.**

Additionally, in an effort to further reduce uncertainty in construction project planning, and to allow for improved accuracy in cost estimating and project timeline planning, beginning in FY 2005 DHCD will require bid-ready plans and specifications for all public facilities and architectural barrier removal projects of \$25,000 or more.

DHCD encourages communities to apply for planning funds to prepare full bid-ready plans and specifications for eligible public facilities and architectural barrier removal projects. Beginning in FY 2005, communities will be able apply for funds for architectural/engineering plans and specifications for such projects, or for construction, but not both in any one CDF application.

- A community may receive no more than one Ready Resource Fund grant award in any fiscal year.
- There is a minimum grant amount of \$20,000 for planning-only grants in CDF and in the Ready Resource Fund (RRF). There is a \$50,000 cap on all planning grants in an RRF application. This maximum amount is inclusive of planning-related general administration costs.
- CDBG-assisted senior center projects funded in FY 2003 or later may not receive subsequent CDBG assistance for additional construction or reconstruction until five (5) years have passed since the grant closeout date.

- As of the print date of this document, HUD had not yet published the official numbers for the elderly low- and moderate-income households by municipality. Therefore communities seeking CDBG funds for senior center projects must request updated (2000) elderly low- and moderate-income household data from DHCD prior to submitting an application. Please contact Andrea Shapiro at (617) 727-7001 x453, or Andrea.Shapiro@ocd.state.ma.us to request this information.
- As of FY 2003 DHCD no longer requires that Public Social Service activities have a case management component. However, DHCD continues to encourage communities to select social service activities that reflect real needs and either complement or coordinate with non CDBG-funded services.
- DHCD will not award funds to any community for the same activity in more than one CDF application during any one Mass CDBG federal fiscal year. A community may apply in either one individual CDF application, in one joint application, or in one of each. However, if a community applies to CDF in both an individual and in a joint application, the community may not undertake individual activities in the joint application.
- Slum/blight National Objective policy and related programmatic changes and clarifications:
 - in order to define an area as blighted a minimum of 25% of the buildings in the area must be considered deteriorated – all buildings characterized as ‘poor’ or ‘fair’ in an inventory (using DHCD’s sample set of definitions with poor, fair, good, excellent categories) will be considered ‘deteriorated’ and count toward the 25% required to define an area as blighted;
 - alternately, deterioration of public improvements may also be used to define an area as blighted, using HUD language “general state of deterioration”;
 - once approved by DHCD in FY 2003 or later, an inventory and target area will be valid for five years for National Objective threshold eligibility;
 - the community development strategy (see page 6) submitted by applicants seeking downtown related projects funds must contain a downtown or commercial area revitalization element;
 - the packet for downtown related projects has been amended to award higher scores for activities more directly addressing the blighted conditions of a target area.
- The 15-year affordability requirement remains for housing related projects. Rehabilitation assistance for owner-occupied properties must be secured by a mortgage or lien on the subject property that includes language restricting rent levels in low and moderate income units for a minimum of fifteen years - or as long as the loan is outstanding. Rehabilitation assistance for investor-owned properties must be secured by a mortgage or lien, and the affordability requirements must be secured by an Affordable Housing Restriction [provided by DHCD] on the subject property that runs with the land, and that includes language restricting rent levels in low and moderate income units for a minimum of fifteen years. “Owner-occupied” is defined as a property of no more than four (4) units, one of which is occupied by the owner. All other properties are considered “investor owned.”
- The unit maximum for HDSP has been increased from 7 to 10 units for projects involving conversion of upper story space in downtown buildings and other

adaptive reuse proposals. Applicants proposing such projects may apply for up to \$750,000 to cover increased project costs triggered by Davis-Bacon, plus reasonable administrative costs.

- For all Mass CDBG components an applicant must meet the timely expenditure threshold requirement at the time of application. **DHCD no longer accepts waiver requests for the timely expenditure threshold.**
 - Joint applications must show in the budget page how the grant funds will be allocated to each participating community.
 - Application due dates are proposed as follows:
 - CDF: Due Tuesday January 13, 2004**
 - Mini-Entitlement: Due Tuesday January 13, 2004**
 - HDSP: Round 1 Notice of Intent due September 25, 2003, application due November 13, 2003**
 - Round 2 Notice of Intent due March 18, 2004, application due May 6, 2004**
- Ready Resource Fund, MCCF, Section 108 and Bridge Financing have rolling application deadlines.

**MASSACHUSETTS CDBG
DRAFT ONE-YEAR ACTION PLAN FOR FEDERAL FISCAL YEAR 2004**

INTRODUCTION:

This Draft One Year Action Plan describes the proposed use of Community Development Block Grant (CDBG) funding received by the Commonwealth of Massachusetts. The CDBG Program is a significant source of federal funding administered by the Department of Housing and Community Development, supporting a variety of community development efforts to revitalize our communities, meet the housing and service needs of our low and moderate-income population, build and repair infrastructure vital to the health and safety of residents, and support business development and retention. The One Year Plan addresses the basic features of the state's CDBG program, the applicable federal regulations and requirements governing state and local administration of this program, and the state's policies, administration responsibilities, and description of the program components.

In its administration of CDBG funding, DHCD is committed to:

- Programs and funding that primarily target populations of low- and moderate-incomes and those with special needs;
- Coordinated, integrated and balanced agency responses to address the needs and interests of communities;
- Programs and technical assistance designed to facilitate informed decision-making about community development opportunities at the local level, and to encourage self-sufficiency of residents and communities; and
- Sound business practices that ensure the highest standards of public accountability and responsibility.

The One Year Action Plan is divided into the following sections:

- | | |
|---------|---|
| SECTION | A. Massachusetts CDBG Priorities |
| | B. Eligible Municipalities |
| | C. Eligible Projects/Use of CDBG Program Funds |
| | D. Applicant/Project Threshold Criteria |
| | E. Allocation of CDBG Funds to the Commonwealth |
| | F. Availability of CDBG Program Funds |
| | G. Evaluation Criteria for All Program Components |
| | H. Program Sanctions |
| | I. Citizen Participation Requirements for Applicants and Grantees |
| | J. CDBG Program Components (description) |

A. MASSACHUSETTS CDBG PRIORITIES

The Community Development Block Grant (CDBG Program) was authorized by Congress, and is funded under Title I of the Housing and Community Development Act of 1974, as amended. The Commonwealth of Massachusetts has designated the Department of Housing and Community Development (DHCD) as the state's

administering agency for CDBG funding. The primary objective of the federal statute creating the CDBG Program is: “...to develop viable, urban communities by providing decent housing and suitable living environment and expanding economic opportunities principally for low- and moderate-income persons.” DHCD will fund eligible projects designed to meet this objective, and that are consistent with the Commonwealth’s sustainable development principles listed in Exhibit 5. DHCD encourages:

- development and preservation of affordable housing;
- proactive and coordinated planning oriented towards both resource protection and sustainable economic activity;
- downtown revitalization that is integral to community development; and
- broad local participation in meaningful community-based planning that assesses needs and identifies strategies for addressing those needs.

The Act requires that at least 70 percent of CDBG assistance shall be used to support activities that directly benefit low- and moderate-income citizens of the Commonwealth.

In addition, the Massachusetts CDBG Program encourages joint or regional applications so that program funds will be used to benefit a greater number of municipalities.

B. ELIGIBLE MUNICIPALITIES

There are 351 municipalities incorporated in Massachusetts. The U.S. Department of Housing and Urban Development (HUD) has designated 35 as CDBG *entitlement* communities; in general, these communities exceed 50,000 in population and receive CDBG funds directly from HUD. Any city or town **not** designated as an entitlement community by HUD may apply for and receive Massachusetts Community Development Block Grant funds. (Refer to Exhibit 1 for a listing of Massachusetts’ entitlement communities.)

C. ELIGIBLE PROJECTS

The following projects are eligible for funding under the Massachusetts Community Development Block Grant Program:

- planning;
- housing rehabilitation and creation of affordable housing;
- economic development projects which create and/or retain jobs including awards to existing regional entities for regional economic development loan funds;
- efforts directed toward rehabilitation and stabilization of existing neighborhoods, commercial areas and downtowns;
- infrastructure;
- construction and/or rehabilitation of community facilities; and
- public social services.

DHCD has designed several Massachusetts CDBG program components to fund such projects. Each program component responds to particular community development

needs. The rules and program guidelines are set forth in Section J: *PROGRAM COMPONENTS*.

LIMITATIONS ON USE OF PROGRAM FUNDS

- **Buildings used for the general conduct of government** - Assistance related to buildings used for the general conduct of government is specifically excluded from the program by federal statute, except for the removal of existing architectural barriers to improve handicap access. Such work is permitted on municipal buildings such as city or town halls, public works structures, public safety buildings, etc.
- **Public Social Services**
 1. Public Social Services projects are not eligible as a "stand-alone" application under Community Development (CDF) I and II and Mini-Entitlement grants.
 2. Public Social services cannot exceed 20% of a CDF I, CDF II, or Mini-Entitlement grant. (Note: The 20% limit does not apply to social services designed and provided solely to support micro-businesses, or public social services that increase employment through job training or other related activities when carried out by eligible non-profit development organizations.)
 3. Communities must demonstrate that, in accordance with Section 105(a)(8) of the Housing and Community Development Act, proposed social service activities have not been funded by the community using municipal and/or state funds within 12 months prior to the application.
 4. DHCD will fund public social service projects that are not provided by other state or federal agencies, or are currently provided but are not available to CDBG-eligible residents in the applicant communities.
- **Downtown related projects**¹⁵ - Communities may apply for funds for downtown related projects under CDF I, CDF II, and the Mini-Entitlement Program. Conditions listed below apply to CDF I, CDF II, and the Mini-Entitlement Program.
 1. DHCD may fund projects that support physical downtown and area revitalization efforts, however communities may apply to Mass CDBG for downtown related projects in their downtown or commercial target areas only if a) they have satisfactorily demonstrated to DHCD that the proposed project is located in an area meeting National Objective

¹⁵ Downtown related projects may include facade/sign programs and streetscape improvements, but does not include traditional municipal functions such as repairs to, or replacement in-kind of infrastructure.

requirements set forth in the Application Guidance on Threshold Questions, and b) their community development strategy (see page 6) contains a downtown or commercial area revitalization element.

2. If a community applies for a downtown related project without an inventory (the inventory must include both buildings and public improvements, and be completed in its entirety) or any other required submittals, the application packet for that project will not be reviewed.
 3. Beginning in FY 2003, once DHCD approves an inventory for a defined target area, that area will be considered valid for National Objective purposes for a five-year period. DHCD will consider the award date of the first Mass CDBG grant intended to address conditions in the subject target area to be the approval date of the inventory and target area. The five-year period will commence on the award date.
 4. CDBG funds **cannot** be used to fund overhead costs or management salaries related to the operation of a downtown organization, nor can they be used for any organizational development for a downtown organization or committee.
- **15 Year Housing Affordability Term** – In an effort to increase the supply of affordable housing, all projects supporting the creation, preservation, and rehabilitation of rental and owner-occupied housing units must be affordable to low and moderate income households for at least a 15-year period. Rehabilitation assistance for owner-occupied properties must be secured by a mortgage or lien on the subject property that includes language restricting rent levels in low and moderate income units for a minimum of fifteen years - or as long as the loan is outstanding. Rehabilitation assistance for investor-owned properties must be secured by a mortgage or lien, and the affordability requirements must be secured by an **Affordable Housing Restriction** on the subject property that runs with the land, and that includes language restricting rent levels in low and moderate income units for a minimum of fifteen years. “Owner-occupied” is defined as a property of no more than four (4) units, one of which is occupied by the owner. All other properties are considered “investor owned.”

D. APPLICANT/PROJECT THRESHOLDS
--

The following threshold criteria (#1 through #4) apply to all applications. It is the responsibility of the applicant to ensure adherence to the applicable threshold(s).

1. **Eligibility** - The project must be eligible as defined in §105(a) of Title 1 of the Housing and Community Development Act, as amended.
2. **National Objective** - Each project must meet one of three federal national objectives as defined below and in federal regulations 24 CFR 570.483:
 - a. benefit a majority of low- and moderate-income persons;

- b. aid in the prevention or elimination of slums or blight; or
 - c. meet an urgent condition posing a serious threat to the health and welfare of the community and where other financial resources are not available to meet such needs. This objective is extremely difficult to meet and is generally limited to unexpected events such as natural disasters. Prior approval from Massachusetts CDBG must be obtained to use this national objective.
3. **Timely Expenditure** – Mass CDBG requires that all applicants - including lead applicants and joint participants - who have received grants comply with a timely expenditure threshold in order to apply for FY 2004 programs. If a joint participant has been a lead grantee in a CDBG grant, that community must meet the timely expenditure threshold in order to be included in a joint application. In order to apply for CDBG funding, a community must demonstrate, using the last quarterly report due prior to the application date, or the most recent SCA/GMS monthly financial status report, that as of the application due date it has no more than \$600,000 in unexpended CDBG¹⁶ funds for all active grants awarded **prior to February 28, 2002.**

Active grants include those for which project activities have yet to be completed and payments are outstanding. All lead applicants and participating applicants must meet this standard. An applicant must meet this threshold requirement at the time of application for all Mass CDBG components. Communities that do not meet this threshold will be eliminated from further Mass CDBG funding consideration. No waivers will be granted for the timely expenditure threshold.

4. **Displacement of Non-CDBG Funds** - Applicants shall certify in the application that CDBG funds will not be used to displace non-CDBG funds already appropriated by or to the community for a specific project. DHCD will reduce an award, deny a grant, or impose special conditions in a grant contract with that community to assure compliance with this requirement.

Threshold criteria #5 through #9 apply to specific program applications or types of projects. It is the responsibility of the applicant to ensure adherence to the applicable threshold(s).

5. **EO 418 Certification** - Executive Order 418, *Addressing the Affordable Housing Shortage*, was signed by Governor Paul Cellucci in January 2000; the Executive Order provides that communities taking steps to encourage/develop affordable housing receive preferential consideration for certain grant programs administered by DHCD, the Executive Office of Environmental Affairs, the Department of Economic Development, and the Executive Office of Transportation and Construction. DHCD has adopted the following policies regarding adherence to EO 418 and the Massachusetts CDBG Program:

¹⁶ CDBG includes CDF I and II, Mini-Entitlement, HDSP, Ready Resource, and Reserves, but for the purposes of this calculation excludes grants from Massachusetts Community Capital Fund, Section 108, and Bridge Financing Program. Planning-only grants of \$50,000 or less are also excluded from this calculation.

- (a) Applicants to the Ready Resource Fund (RRF), Massachusetts Community Capital Fund (MCCF), Bridge Financing Program, Reserves, and the Section 108 Loan Program) must be Executive Order 418 housing certified as a threshold prior to review of applications for those programs. A community may submit a request for housing certification prior to, or with its program application. Certification is available on a fiscal year basis; i.e., it expires on June 30 of any year. *All municipalities participating in a joint or regional application must be certified.*
 - (b) Applicants to CDF I, CDF II, and the Housing Development Support Program (HDSP) receive bonus points equal to 10% of the total available points for each respective program if EO 418 housing certified. A community seeking certification to receive bonus points must request housing certification prior to the application deadline or submit its certification request with its program application. *All municipalities participating in a joint or regional application must be certified for the application to receive 10% bonus points.*
 - (c) Mini-Entitlement communities must be EO 418 housing certified before being allowed to draw down funds.
6. **Public Benefit Standards** - Economic development projects that are eligible under Title I of the Housing and Community Development Act of 1974, Sections (14), (15) and (17) must meet CDBG standards of underwriting and public benefit. Eligible projects under 105(a)(2) may also be required to meet public benefit standards when undertaken for Economic Development purposes.
7. **Community-Based Planning Requirement** - The Department supports municipal efforts to engage in community-based planning, conduct needs assessments, and identify strategies for addressing those needs. DHCD seeks to fund projects identified through meaningful, public community-based planning and priority setting processes. Therefore projects should be consistent with community efforts to identify needs and engage in strategic planning for addressing those needs. *This helps to ensure that local needs have been identified and priorities determined in a comprehensive manner, and public resources are directed toward projects that address needs the community has identified as high priority.* All applicants and participants¹⁷ must have engaged in a community-based planning process and be able to demonstrate project consistency with a Community Development Strategy (not to exceed three [3] pages), that must be included in the application.

The Strategy serves to summarize various planning documents used by a community, and to outline a plan of action intended to accomplish specific community development goals that will have an impact on the community. Therefore, each Strategy can reference various planning documents approved by a locally elected or appointed body, or by Town Meeting, but *it is important that the Strategy reflect a comprehensive, integrated approach to the*

¹⁷This includes regional or joint applicants.

municipality's community development priorities. Each activity included in an FY 2004 application must relate to and be reflected in the Strategy. The Strategy must explain how the community expects to address the priorities with CDBG and non-CDBG funds over a 3-5 year period.

The Community Development Strategy may reference or incorporate findings of relevant plans and analyses that have been completed and used for decision-making purposes by municipal boards, agencies and departments. Such plans may include but are not limited to EO 418 Community Development Plans, EO 418 housing strategies, Capital Improvement Plans, Master Plans, Downtown Plans, Open Space and Recreation Plans, Area Revitalization Strategies, Urban Renewal Plans, the regional Comprehensive Economic Development Strategy, and a Community Action Statement (CAS).

The strategy must be discussed in a public forum, such as the public hearing required prior to submitting a Mass CDBG application.

8. **Senior Center Projects** - Applicants for Senior Center projects must meet the following threshold requirements to have their applications reviewed and scored:
 - (i) provide evidence of site control¹⁸ by the municipality, as attested to by the Mayor or Board of Selectmen,
 - (ii) provide documentation of the availability and commitment of any other funds necessary to complete the project, and
 - (iii) for senior center construction projects attach one copy of the design development drawings,¹⁹ prepared by a licensed architect or engineer.

CDBG-assisted senior center projects funded in FY 2003 or later may not receive subsequent CDBG assistance for additional construction or reconstruction until five (5) years have passed since the grant closeout date.

9. **Architectural Barrier Removal** - A municipality applying for assistance with an architectural barrier removal project must submit a copy of its locally approved Americans with Disabilities Act (ADA) Self Evaluation Survey and Transition Plan. The ADA was enacted in 1990 and requires local governments to evaluate for accessibility all of its programs and services that had not previously been reviewed under Section 504 of the Rehabilitation Act of 1973. The Act also required preparation of a Transition Plan for removal of programmatic and structural barriers to its programs and services, and set forth a process for involving the community in the development of the Self

¹⁸ Evidence of site control may include but is not limited to a deed, lease agreement, purchase and sale agreement, or other contract or legal document.

¹⁹ Design Development Drawings are beyond schematic documents and provide sufficient detail to establish firmly the features of the project. Drawings and details should precisely illustrate the various rooms, auxiliary use areas, materials, and equipment as well as site and utility installations. The estimated project construction costs developed through the schematic documents should be confirmed by the design development drawings. An Architect/Engineer should prepare these documents.

Evaluation Survey and Transition Plan. Programmatic removal of barriers must be fully explored before considering CDBG funding for structural barrier removal.

It is the responsibility of each community to ensure that its Transition Plan is consistent with federal regulations. A community's request for Mass CDBG funding must be consistent with the priorities set forth in these locally developed documents. Communities may wish to contact the Massachusetts Office on Disability or the U.S. Department of Justice for specific questions regarding the ADA and the Rehabilitation Act of 1973.

For Architectural Barrier Removal projects of \$25,000 or more attach one copy of the design development drawings, prepared by a licensed architect or engineer.

10. **Design Development Drawings** - Design development drawings are required for all public facilities and architectural barrier removal projects of \$25,000 or more. Beginning in FY 2005 DHCD will require bid-ready plans and specifications for all public facilities and architectural barrier removal projects.

E. ALLOCATION OF CDBG FUNDS TO THE COMMONWEALTH
--

The federal Fiscal Year 2004 HUD allocation to the Commonwealth of Massachusetts is expected to be approximately \$38,650,000. DHCD's funds are subject to availability from the federal government, which is contingent on the federal budget and appropriations process and the HUD allocation process. In addition to the HUD allocation DHCD expects to receive approximately \$500,000 in program income, for a total of \$39,150,000 available for FY 2004. These funds will be distributed during the program year to eligible cities and towns in accordance with the allocation among program components outlined below. If changes to this distribution become necessary, procedures outlined below explain how such changes will be made.

<i>PROGRAM COMPONENT</i>	Mass CDBG ALLOCATION (ESTIMATE)
--------------------------	--

Community Development Fund I	\$17,000,000
Community Development Fund II	\$ 4,750,000
Mini-Entitlement Program	\$ 7,200,000
Housing Development Support Program	\$ 5,000,000
Business Development Fund - includes -Massachusetts Community Capital Fund -Ready Resource Fund	\$ 2,380,000
Reserves	\$ 650,000
Bridge Financing Program**	\$ 6,000,000
Section 108 Loan Program**	\$20,000,000
<i>Section 108 Loan Repayments***</i>	\$ 920,000
Administration and Technical Assistance	\$ 1,250,000
TOTAL AVAILABLE FOR FY 2004 (includes \$500,000 in program income)	\$39,150,000
Bridge Financing and Section 108 Loan Program allocations do not impact the FY 2004 Allocation *Section 108 Loan Repayments are budgeted but not necessarily required. This is an "up to" amount.	

Reallocation of funds among program components: During the year, DHCD may have cause to recapture earlier program year funds from non-performing grantees; or there may be small amounts of program funds from prior years that have yet to be used; or there may be opportunities to recapture program income generated by communities from earlier projects; or there may be extreme demand for one program component; or there may be minimal demand for one component. Funds will be reallocated depending on the timing of other components and the apparent demand for funds or to address emergency situations during the program year. When awarding those funds DHCD will use current program guidelines as established in the most recent One Year Plan. DHCD reserves the right to increase or decrease the allocation of a program component. When these cumulative changes meet the threshold criteria of an amendment, DHCD will follow the process in accordance with the State's Consolidated Plan and regulations at 24 CFR 91.505. DHCD may also have cause to fund from any allocation or resources to respond to corrective actions after program closeouts or as a result of other administrative errors.

F. AVAILABILITY OF CDBG PROGRAM FUNDS

All CDBG program funds will be available to eligible grant recipients based on applications for Massachusetts Community Development Block Grant funds and/or Notices of Funding Availability that will be distributed on a regular basis. These documents will make communities aware of the requirements of each particular component and will be available to allow communities adequate time to prepare grant applications for each program.

A single community may receive no more than \$1 million from any combination of federal FY 2004 Community Development Fund I or II, or Mini-Entitlement grant funds. Awards not subject to the \$1 million cap per community include the Massachusetts

Community Capital Fund (MCCF), Ready Resource Fund, Housing Development Support Program, Section 108 Loan Program, and Bridge Financing Program.

Listed below are application distribution dates for each program and the corresponding due dates. A Notice of Availability of Funds will be issued, as appropriate, prior to release of each Application subject to the availability of federal funds.

Program Components²⁰	Application Issued	FY 2004 Applications Due
Community Development Funds I and II	October 2003	Tuesday January 13, 2004
Mini Entitlement Program	October 2003	Tuesday January 13, 2004
Housing Development Support Program	September 2003	November 13, 2003 and May 6, 2004
Business Development Fund: includes -Massachusetts Community Capital Fund (MCCF) -Ready Resource Fund	September 2003 September 2003	Continuous Continuous
Section 108 Loan Program	Available	Continuous
Bridge Financing Program	Available	Continuous

G. EVALUATION CRITERIA APPLICABLE TO ALL CDBG PROGRAMS

DHCD reserves the right to incorporate any or all of the following Evaluation, Regulatory and Performance criteria in its award decisions:

Evaluation:

- solicit and verify information from any state and federal agencies and other entities, and based on that information, reduce, increase or deny an award to a community.
- conduct site visits for any proposed CDBG project, prior to grant award, and if necessary, condition, reduce, increase or deny an award to a community.
- reduce or increase an award to a community to assure that a grant budget is reasonable.
- fund, fully or partially, a project from other state resources.
- resolve tie scores in a competitive fund by applying the criteria below in the following order:

²⁰ The FY 2004 applications will be operative upon their release. Actual release of funds is contingent on HUD approval of the state's One Year plan, and will be dictated by the date the state receives HUD approval on its Plan.

1. Applications for projects that increase the community's supply of housing;
2. Applications for housing and/or economic development projects that are consistent with the goals of the Administration;
3. An application from the community with the higher Community-Wide Needs score will be funded;
4. Regional applications; and
5. If scores remain tied after the application of steps #1 through 4, DHCD will conduct a lottery at which a representative from HUD will be present.

Regulatory:

- ensure that at least 70 percent of CDBG assistance, as per federal statute, is used to support projects that directly benefit low- and moderate-income persons of the Commonwealth.
- ensure that no more than 15 percent of the FY 2004 Massachusetts CDBG allocation is for public social service activities as per federal regulation.
- deny a grant, or a portion thereof, to ensure that no more than 20 percent of the FY 2004 Massachusetts CDBG allocation is for planning and administration as per federal regulation.
- not review an application unless signed by the municipality's Chief Elected Official.

Performance:

- reduce an award to a community with an uncommitted program income balance of \$100,000 or more.
- reduce an award, deny a grant, or impose special conditions on a community with prior year grants with a low rate of committed or expended dollars. This includes dollar-for-dollar reductions in awards for projects funded in previous rounds for which unexpended funds remain.
- reduce an award, deny a grant, or impose special conditions on a community with outstanding, major findings that are unresolved at the time application decisions are being made; or which have otherwise had a history of significant, repeat findings. These findings could have resulted from any grant program offered by DHCD.

Major findings means non-compliance with a statutory requirement which, if not satisfactorily resolved by the community, would require that the federal funds be repaid by the municipality, or result in other serious sanctions.

History of significant, repeat findings means non-compliance with statutory or regulatory requirements in more than one grant cycle, where the community may have resolved those findings but with an unacceptably slow response.

- consider the past performance of the applicant community and its administering agency or project sponsor, including continuing prior performance issues.

EO 418 Bonus Points - In addition, applicants to all competitive programs that meet eligibility threshold and scoring criteria will receive an additional ten percent (10%) of the total available points if they have received certification of compliance with Executive Order 418.

Awarding of Grants

Based on the scores produced through the review process, grant award recommendations are made to the Director of DHCD, whose decision is final. In the competitive programs, grants are awarded for projects to municipalities that received the highest application scores and which meet applicable thresholds until all available funds are distributed. In the programs with rolling applications, grants are awarded for projects to municipalities with application scores that meet a minimum scoring threshold, or that meet other program criteria, or both. DHCD reserves the right to award a grant in whole or in part, or to reject any and all proposals received.

Grievance Procedure

Within forty-five (45) days of the date of the Director's written notice of grant determinations to applicant cities and towns, any municipality aggrieved by DHCD's decision may challenge the denial of its grant by submitting a letter of appeal from the Chief Elected Official of the municipality to the Director, who shall respond no later than forty-five (45) days from the date of receipt of the municipality's appeal.

H. PROGRAM SANCTIONS

DHCD reserves the right to suspend or terminate grant awards made to eligible communities should there be instances of fraud, abuse, poor performance, misrepresentation, or extreme mismanagement, or in the event a grantee is unable to carry out a project as approved in an application. The community staff and Chief Elected Officials will have the opportunity to discuss possible sanctions prior to any formal action. If formal sanctions are recommended, grantees will be provided a full opportunity to appeal such decisions to the Director of DHCD before any final action is taken.

All program funds recaptured through the sanctions process will be re-programmed consistent with the procedures in (E) *Allocation of CDBG Funds* and (J) *CDBG Program Components*. Based on the significance of the issues involved in any such determination, DHCD may suspend, for a period of up to three (3) years or until final resolution is achieved, a community's eligibility to participate in any Massachusetts CDBG component. Such action will only be taken in extreme circumstances and only after all alternatives have been exhausted.

I. CITIZEN PARTICIPATION REQUIREMENTS FOR APPLICANTS AND GRANTEES
--

All applicants for funding under the FY 2004 Massachusetts CDBG Program must comply with the citizen participation requirements contained in Section 508 of the Housing and Community Development Act of 1987. DHCD expects citizen involvement in the identification of community development needs, the development of applications, program assessment and evaluation. Communities must include in their Massachusetts CDBG application a local citizen participation plan detailing how the community will provide:

1. citizen participation, with particular emphasis on participation by persons of low- and moderate-income, residents of slums and blighted areas and of areas in the state where CDBG funds are proposed to be used;
2. reasonable and timely access to local meetings, information, and records relating to the grantee's proposed use of funds, and relating to the actual use of funds;
3. information on the amount of state CDBG funds available during the year; the range of eligible CDBG activities; and how activities will benefit low- and moderate-income persons;
4. technical assistance to groups representative of persons of low- and moderate-income that request such assistance in developing proposals;
5. **a minimum of 2 public hearings**, each at a different stage of the program (development and implementation), to obtain citizen views and to respond to proposals and questions at all stages of the community development program, including at *a minimum* (a) the development of needs, (b) the review of proposed activities, and (c) review of program performance. These hearings shall be held after adequate notice, at times and accessible locations convenient to potential or actual beneficiaries, and with accommodations for persons with disabilities. At least one public hearing must be held prior to submittal of an application; a second must be held during the course of the grant year;
6. a timely written answer to written complaints and grievances, within 15 working days of receipt where practical; and
7. the plan must also identify how all residents and beneficiaries, including minorities and non-English speaking persons, as well as persons with disabilities can be reasonably expected to participate in the program in general, and at public hearings in particular.

J. CDBG PROGRAM COMPONENTS

This section briefly describes the components of the Massachusetts CDBG Program. Each program component description includes eligible uses, grant award amounts, and evaluation and award criteria. In the event of conflicting language, this One Year Action Plan takes precedence over language in all program component applications. The program components are:

1. Community Development Fund I (CDF I)
2. Community Development Fund II (CDF II)
3. Mini-Entitlement Program
4. Housing Development Support Program (HDSP)
5. Business Development Fund
 - a. Massachusetts Community Capital Fund (MCCF)
 - b. Ready Resource Fund (RRF)
6. Reserves
7. Bridge Financing Program
8. Section 108 Loan Program
9. Administration and Technical Assistance by DHCD

1. COMMUNITY DEVELOPMENT FUND I (CDF I)

Program Description

The Community Development Fund I (CDF I) annually awards grants to communities throughout the Commonwealth. This program helps eligible cities and towns to meet a broad range of community development needs in housing, business development, physical development, downtown revitalization, and public social services. It supports CDBG-eligible activities and encourages applicants to develop comprehensive, creative solutions to local problems. The CDF I Fund is targeted to communities with high Community-Wide Needs scores (ranging from 18 to 25) and very limited financial ability to address those needs with local funds. See Exhibit 3 for Community-Wide Needs Scores and Exhibit 4 for the indicators and formula used to derive the scores.

In federal FY 2004 DHCD expects to award approximately \$17,000,000 in CDF I grant funds, depending upon Massachusetts' federal allocation.

Grant Award Amounts

Applicants for a CDF I grant will be eligible to receive up to the following amounts based on the type of application submitted:

Category	Minimum Grant from Competitive Round:	Maximum Grant from Competitive Round:
Single Community	\$ 100,000	\$ 800,000
Two or more Communities	\$ 100,000	\$ 1,000,000
Joint/regional housing activities	\$ 100,000 per community	\$ 1,200,000
Planning-only grants	\$ 20,000	-----

The maximum CDF I grant award is \$800,000. The maximum award for joint/regional applications is \$1,000,000 for two or more communities. Applications that include

joint/regional housing activities in each community may receive up to a total of \$1,200,000, provided that the entire increment above the \$1,000,000 cap is allocated toward housing-related activities. No single CDF I community in a joint/regional application may receive more than \$800,000. Finally, applications with joint/regional housing activities must allocate a minimum of \$100,000 to each community for those housing-related activities. There is a minimum grant amount of \$20,000 for planning-only grants.

Requirements:

1. CDF grants are **Single Year Grants** based on an 18-month implementation period. Communities should not apply for funds if the proposed project is not ready to proceed.
2. Two or more communities may apply **jointly or regionally**. *"Regional" is not limited to geographically contiguous cities and towns.* In order to comply with federal requirements governing such applications, each participating community would:
 - enter into an inter-local agreement that will allow a lead community to conduct grant activities within other communities;
 - sign the application certifications stating compliance with program regulations; and
 - demonstrate in the application how the requested funds will be allocated among all participants.

Each participating community in a joint or regional application must have a locally approved Community Development Strategy on file at DHCD, and all projects in the application must be consistent with those documents.

CDF I communities may also join with CDF II or Mini-Entitlement communities as joint applicants for housing activities only, with limitations as described above, and below in Section J. 2 – Community Development Fund II. Please note that the maximum allocation per CDF I community within a joint application of \$800,000 also applies to housing activities. The maximum per Mini-Entitlement remains at \$600,000 for those applying non-competitively, but can increase to \$800,000 for those applying competitively.

3. An applicant is eligible to apply to Community Development Fund I if its FY 2004 Community-Wide Needs Score, rounded to the nearest integer, is 18 or greater on a scale of 25. Community Wide Needs Scores are available in Exhibit 3.
4. Communities may apply once under the single application category and once as a participant (including as a lead applicant) in a joint or regional application. **However, if a community applies to CDF in both an individual and in a joint application, the community may not undertake individual activities in the joint application.** In addition, a municipality may not receive funds for the same activity under more than one CDF application during any one Mass CDBG federal fiscal year.
5. All CDF I applications must be received by DHCD by **Tuesday January 13, 2004, at 5:00 PM** or at the end of business, whichever is later.

Evaluation and Award Criteria

Application review and awards will be governed by the criteria and procedures as described above (Sections A through I), and the following criteria, process rules and special requirements. Additional detail on evaluation criteria and the review process will be in the FY 2004 Community Development Fund I Application Package.

1. Applications will be scored on a 100-point system as follows:

CRITERION	POINTS
Community Wide Needs	25
Community Needs Narrative	10
Project Need	20
Project Feasibility	20
Project Impact	15
Community Impact	10
Total	100

Each criterion is described below. Please be advised that applicants must meet a minimum threshold for **Project Feasibility -- i.e., each project must appear to be feasible to undertake and complete or the other criteria will not be scored.**

Community-Wide Needs - are scored by DHCD, based on a set of criteria including population demographics, economic conditions, the community's fiscal condition, and assorted community development need indicators. A complete list of indicators is described in Exhibit 4. Communities are encouraged to submit a written request for their need scores. A community or its designee may make the request. DHCD will notify the community's Chief Elected Official of when and to whom the score is mailed. Only the lead community of a joint or regional application needs to submit a request for the community-wide needs score. Regional and joint applications will receive needs scores based on an aggregation of data for the participating communities. (25 points)

Community Need - is a narrative in which applicants describe local or regional conditions and needs such as demographics, municipal management capacity, municipal finance, education, housing, capital and infrastructure needs, and socio-economic factors. This section will be scored based on the comprehensiveness of factors discussed, the severity of needs described and the degree to which the needs are confirmed by verifiable information contained in the narrative. Regional and joint applications will be scored based on a narrative addressing needs of all participants. (10 points)

Project Need - requires applicants to document and describe the particular needs that will be addressed by each proposed project and the severity of those needs. This section will be evaluated on the severity of need, the need for CDBG funds to undertake the project, the reasons local resources are not available, efforts to secure other funds to address the need, the demand for

the proposed project, and involvement by the community and target population in the development of the project or program. (20 points)

Project Feasibility - requires applicants to document and describe elements that demonstrate the feasibility of the project and the ability of the applicant to complete the project within the 18-month grant implementation period. Project Feasibility will be evaluated on the following factors: readiness of the project to proceed; reasonableness of project funding when compared to similar projects; the reasons why the proposed project is best able to meet the identified needs as compared to alternative approaches; and completeness and reasonableness of timeline. (20 points)

Project Impact – requires applicants to document resources leveraged, and describe the impact of the proposed project on the target population or target area including physical and visual impacts, if applicable. It will be scored on the extent to which other resources are leveraged, cost effectiveness, the impact upon the target area or target population, the number of persons to benefit from the proposed project, quantitative and qualitative assessment measures, an assessment of the impact of previously funded activities, and the degree to which the project substantially addresses the sustainable development principles found in Exhibit 5. (15 points)

Community Impact - Successful applicants will demonstrate that the proposed project(s) will: be integrated with local plans and/or state initiatives; address significant community need; result in completion of ongoing CDBG projects/programs and related local efforts; benefit a substantial number of low to-moderate persons; result in a self-sustaining program(s); and sustain local community development capacity. (10 points)

2. To be determined fundable, a project packet must earn a score of at least 33 points out of the 55 possible for Project Need, Feasibility, and Impact, combined.
3. Applications with more than one project packet (component) to be considered for funding will receive a single Project Score that is based on the average score for each project that meets the thresholds enumerated above then rounded to the nearest whole number.
4. When all applications have been reviewed, each packet score will be rounded to the nearest whole number. DHCD will fund proposals by ranking the scores from highest to lowest.

2. COMMUNITY DEVELOPMENT FUND II (CDF II)

Program Description

This program helps the state's non-entitlement cities and towns meet a broad range of community development needs in housing, business development, physical development, downtown revitalization and public social services. In federal FY 2004,

DHCD expects to award under the Community Development Fund II (CDF II) to eligible applicants, depending upon the allocation of federal funds from HUD.

Grant Award Amounts and Requirements

Applicants for a CDF II grant will be eligible to receive up to the following amounts based on the type of application submitted:

Category	Minimum Grant from Competitive Round:	Maximum Grant from Competitive Round:
Single Community	\$ 100,000	\$ 800,000
Joint/regional housing activities	\$ 100,000 per community	\$ 1,200,000
Planning-only grants	\$ 20,000	-----

The maximum CDF II grant award is \$800,000. No one single CDF II community in a joint/regional application may receive more than \$800,000 in FY 2004 funds. Applications with joint/regional housing activities must allocate a minimum of \$100,000 to each community for those housing-related activities. There is a minimum grant amount of \$20,000 for planning-only grants.

This program is available to communities with a Community-Wide Needs Score equal to or less than 17 out of 25 points for federal Fiscal Year 2004. Community Wide Needs Scores are available in Exhibit 3. All requirements of the CDF I apply to the CDF II except as follows:

- communities cannot apply to both CDF I and CDF II (except as participants in regional housing activities).
- only single municipalities may apply to CDF II (except as participants in regional housing activities).
- the maximum grant award is \$800,000; the maximum joint / regional housing grant is \$1,200,000.

CDF II communities may join with a CDF I and/or a Mini-Entitlement lead applicant or with another CDF II for housing activities only. Participation by CDF II communities in joint applications is limited to housing activities. Joint/regional applicants are not limited to geographically contiguous cities and towns. The Community Wide Needs Score of CDF II applicants will not be considered in the composite regional Community Wide Needs Score. Participation in a regional application will not prohibit an eligible CDF II applicant from applying individually to the CDF II, within the stated restrictions.

The following conditions apply to such joint/regional housing applications:

- The maximum grant awards for applications with joint/regional housing activities will be capped at \$1,200,000, in accordance with the Maximum Grant Amounts appearing in the chart above. The maximum allocation per community within a joint application will be capped at \$800,000.
- Lead communities may use these additional funds only for the cost of the additional housing activities outside the lead community and for related project administration.
- Funds allocated to the CDF II communities for joint housing activities will not be included when calculating the \$1 million cap in Mass CDBG funds that the lead CDF I or Mini-Entitlement communities may receive in a fiscal year.
- Funds allocated to the CDF II communities for joint housing activities will be included when calculating the \$1 million cap in Mass CDBG funds that participating CDF II communities may receive in a fiscal year.

All CDF II applications must be received by DHCD by **Tuesday January 13, 2004, at 5:00 PM** or at the end of business, whichever is later.

LIMITATIONS/CONDITIONS ON SUBSEQUENT CDF II APPLICATIONS

Receiving an award from the Community Development Fund II precludes a community from applying to a Community Development Fund program the following **two** federal fiscal years, except in the following instances:

- A Community Development Fund II eligible community that has not received a CDF II grant award on its own but which has participated with a Community Development Fund I or Mini-Entitlement community for **housing activities** may apply to the Community Development Fund.
- A Community Development Fund II eligible community that has received a CDF II grant award in FY 2002 or FY 2003 on its own may be a participant with a CDF I, CDF II or a Mini-Entitlement community, for **housing activities only**.
- A CDF II eligible community that has successfully administered an FY 2002 or FY 2003 housing related grant on its own may be eligible to be a single or lead applicant for **housing activities only**.
- A community with an FY 2004 Community Wide Needs (CWN) score of 18 or above is a CDF I community and may apply for a CDF I grant regardless of CWN score in years prior to FY 2004.
- A community awarded FY 2003 funds for an architectural/engineering planning-only project may apply for FY 2004 funding to implement the planned project. However, the maximum allowable FY 2004 grant award (see chart on page 17) will be reduced by the amount of the FY 2003 planning grant.

Exhibit 2 lists communities that may not apply for CDF funds in FY 2004.

Evaluation and Award Criteria

Applications will be reviewed according to the same criteria and process for activities as detailed in the discussion above describing criteria for CDF I. However, the Community-Wide Needs Score will not be factored into the evaluation. The application will be scored on a 75-point scale.

3. MINI-ENTITLEMENT PROGRAM

DHCD is in the process of evaluating the Mini-Entitlement Program and its continuation beyond FY 2004. As a result, all FY 2003 Mini-Entitlements will be held harmless and eligible for up to \$600,000 in FY 2004. Mini-Entitlements that meet the timely expenditure threshold at the time of application will have the option of either applying non-competitively for the \$600,000, or alternately, applying competitively for up to \$800,000. Applicants must indicate on the application cover sheet which option they are selecting.

Program Description

Municipalities were selected to be Mini-Entitlement communities if they met the following criteria: (1) Community Wide Needs Score of 19 or higher; (2) ranking within the top 30% in the state of: a) population, b) percentage of low- and moderate-income households, c) the number of pre-1939 housing stock, and d) population density; and (3) were Mini-Entitlement communities in FY 1999. In Federal FY 2004, DHCD expects to award \$7,200,000 from the Mini-Entitlement Program allocation to 12 designated Mini-Entitlement municipalities, listed below:

Amesbury	Gardner	Methuen	Revere
Chelsea	Greenfield	North Adams	Southbridge
Everett	Marlborough	Northbridge	West Springfield

This program helps larger non-entitlement urban communities with the highest needs scores improve conditions for their low- and moderate-income residents through comprehensive planning and predictable funding. Through this program, identified cities and towns can meet a broad range of community development needs in housing, business development, physical development, downtown revitalization, and public social services. It supports all CDBG-eligible activities and encourages applicants to develop comprehensive, creative solutions to local problems.

Grant Award Amounts and Requirements

The maximum grant award is \$600,000, **or up to \$800,000 for those applying competitively.** Mini-Entitlement applications will contain a 18-month implementation and cash flow plan. Release of the FY 2004 allocation, however, is contingent on 1) the community's adherence to the timely expenditure threshold (see Applicant/Project Thresholds above), and 2) continued availability of federal funding.

Evaluation and Award Criteria

The following requirements apply to the Mini-Entitlement Program:

1. In accordance with the Massachusetts CDBG Priorities listed in Section A, DHCD seeks to fund projects identified through meaningful community-based planning and priority setting processes as described in SECTION D. 7.
2. Each Mini-Entitlement grantee must submit an updated community development strategy as detailed above in SECTION D. 7.
3. All FY 2004 Mini-Entitlement applications must be received no later than **Tuesday January 13, 2004**. The Application must describe how CDBG funds will be allocated; include goals and performance measures for each activity; demonstrate compliance with a federal national objective and all federal/state requirements; and provide a management plan. For Mini-Entitlement applicants seeking up to \$800,000 competitively, the application shall consist of all of the forms, packets and narratives required for CDF I and II Applications and noted in the Application Instructions and Checklist. For Mini-Entitlement applicants seeking \$600,000 non-competitively, the application shall consist of project packets describing and documenting project need, feasibility and impact, and other required forms and narrative as noted in the Application Instructions and Checklist. The project packets will be reviewed for compliance with all evaluation criteria. **Project packets will not be scored for applications seeking \$600,000 non-competitively, but will be scored for those seeking up to \$800,000 competitively.**
4. All activities that are eligible under Section 105(a) of Title I of the Housing and Community Development Act of 1974, as amended, will be considered for funding with the exception of organizational activities of downtown partnerships.
5. **Mini-Entitlement communities may join with CDF I or CDF II communities as joint applicants for housing activities only**, with limitations as described above in Section J. 2.

4. HOUSING DEVELOPMENT SUPPORT PROGRAM

Program Description

The Housing Development Support Program (HDSP) is designed to facilitate small project-specific affordable housing initiatives with emphasis on creation, preservation or improvement of housing units, which may not be cost-effective under alternative development assistance programs or with conventional financing.

Grant Award Amounts and Requirements

Notice of Intent Process

Communities must submit a Notice of Intent (NOI) in order to apply for HDSP funds. A NOI may be obtained by contacting HDSP staff, and must be submitted under signature of the community's Chief Elected Official.

The NOI must be received by DHCD at least seven (7) weeks prior to the application due dates. For FY 2004 HDSP applications, a NOI must be received by DHCD no later

than **Thursday, September 25, 2003** for the first round of FY 2004 funds, and **Thursday, March 18, 2004** for the second round.

Applicants are encouraged to submit the NOI at any time in advance of the NOI deadlines. The flexible NOI process is intended to accommodate scheduling and to provide additional time for application preparation.

The NOI provides essential information about the project and confirms its consistency with HDSP eligibility requirements. HDSP staff will review NOIs, and an initial informational meeting will be scheduled with the community.

Following the initial meeting, the applicant community will be notified in writing if it will be invited to submit an application and if any additional information is needed. If, on the basis of the initial meeting, the community is not invited to submit an application, such notice will detail the reasons.

Other Application Requirements

Applications are due by 5:00 PM or the end of business day on **Thursday, November 13, 2003** for the first round of FY 2004 funds, and **Thursday, May 6, 2004** for the second round.

HDSP funding is generally limited to projects containing fewer than eight units. NOTE: Housing projects serving persons with special needs, and single-room occupancy (SRO) projects may exceed the seven-unit limit. Project grant amounts are limited to a minimum of \$100,000, and a maximum of \$500,000, plus administrative costs.

For most projects, all state and federal grants combined for most projects shall not exceed 75 percent of total actual project costs. Please note that projects exclusively benefiting special-needs populations may qualify for up to 100 percent of total actual project costs. The Director of DHCD may waive the 75% criterion if circumstances so warrant. Prior consultation with HDSP staff is required prior to requesting a waiver.

Projects of up to 10 units involving the conversion to housing of upper story space in downtown buildings and other adaptive reuse proposals may apply for up to \$750,000 plus administrative costs.

Projects receiving funding from any source administered by DHCD's Division of Private Housing are excluded from applying to HDSP.

DHCD reserves the right to limit the number of applications a community may submit in one fiscal year.

Housing Development Support Program (HDSP) Guidelines

- The HDSP will provide \$5 million in FY 2004, to fund smaller projects in communities that address a variety of activities supporting the development, improvement and retention of public or private housing affordable to low- and moderate-income persons. Typical project activities include moderate or substantial

rehabilitation of residential and mixed use projects; reclamation of abandoned/foreclosed properties; elderly, transitional and special needs housing; and conversion to housing of obsolete and under-utilized structures such as vacant school and mill buildings. Funds can be used for acquisition, rehabilitation, site work and related infrastructure. 51% of the units must be affordable to and occupied by low and moderate income households.

Evaluation and Award Criteria

All HDSP projects must comply with the low- and moderate-income National Objective. The requirements set forth in Section D: *APPLICANT/PROJECT THRESHOLDS* above will govern application review and awards.

Applications will be scored on a 100-point system as follows:

CRITERION	POINTS
Affordability	20
Readiness to Proceed	30
Development Team Capacity	10
Site and Design	20
Cost Effectiveness	15
Sustainable Development	05
Total	100

Applications must receive a minimum of 70 points to be eligible for funding. Criteria are described below.

The review and scoring of HDSP applications will be based on the materials submitted in the application as received on the deadline date, i.e., in an “as submitted” condition. Any information that is not included will be considered to be missing, and the application evaluated accordingly. DHCD reserves the right to adjust award amounts based on this condition.

Feasibility Threshold - All projects must demonstrate financial feasibility, including adequate sources available for all costs based on reasonable cost estimates and financial need, and sufficient revenues to pay expenses based upon reasonable assumptions. Sources and uses of funds are limited to actual documented cash/expenditures specific to the proposed project. Project rents/sales prices must be within HDSP limits for affordable units and must be affordable to the household sizes that could reasonably be expected to occupy the units based on the number of bedrooms. Proposals must also demonstrate site control, major permit approval, and that a market exists for the type of unit proposed at the rent or sale price projected. Proposals that do not meet this feasibility threshold will not be further evaluated.

Affordability - All projects will be evaluated according to the affordability term to be secured by rental/resale restrictions proposed beyond the fifteen-year threshold, and the proposed percentage of affordable units available for low- and moderate-income occupancy. (20 points)

Readiness To Proceed - At a minimum, applicants must provide evidence that the project can be implemented and completed within the grant term. Projects will also be evaluated on status of financing commitments, site control, land use and zoning requirements, other necessary approvals and relevant factors. (30 points)

Development Team Capacity - The track record and levels of previous comparable work experience of the project developer, applicant community, development consultant, architect, management agent, and service provider, if applicable, will be reviewed and assessed, including quality of such work and the schedule of its delivery. Inexperienced developers who retain an experienced development consultant may be scored in part based upon an evaluation of the consultant. DHCD may take into consideration an applicant's qualifications, history, experience, and past performance (if any) in housing development with DHCD and other government and quasi-public agencies, as well as the technical assistance and support the community intends to provide to a less-experienced developer. (10 points)

Site and Design - The quality of the site will be reviewed based on desirability of location, revitalization potential, community character, convenience, adequacy of utilities and infrastructure, appropriateness of design for the site, and the absence of significant development constraints such as adverse environmental conditions. In addition, proposed projects will be reviewed on the basis of site conditions (e.g., ledge, grade, soil suitability), conservation of natural resources, condition of existing structure (including adaptability to proposed use), and neighborhood characteristics.

The proposed design will be reviewed for visual impact, overall plan layout, site design, appropriateness of building design and amenities, including suitability for target population, and adequacy of the proposed scope of work. (20 points)

Cost Effectiveness - Each applicant must demonstrate that it is requesting the minimum amount necessary to produce a viable project, taking into account all other potential sources of funding and all opportunities to reduce costs to reasonable and necessary levels. Evaluation under this criterion will include total development costs per unit, HDSP cost per unit, developer fees and overall soft costs as a percentage of total development cost, per unit operating costs, and reasonableness of costs when compared to similar projects. (15 points)

Sustainable Development – Each project will be evaluated for consistency with and by the extent to which Sustainable Development principles are addressed (5 points).

5. BUSINESS DEVELOPMENT FUND

Massachusetts Community Capital Fund and Ready Resource Fund

Program Description

The Business Development Fund, comprised of the Massachusetts Community Capital Fund (MCCF) and the Ready Resource Fund (RRF), offers financing solutions to meet the needs of businesses which retain and/or create low- and moderate-income jobs, strengthen the local tax base, support revitalization efforts and enhance the quality of life in the community. This economic development program is offered to local communities for industrial, commercial, service, real estate or mixed-use projects.

This program funds a broad range of economic and community development projects. Economic development projects may include assistance to non-profits and for-profits including small businesses and microenterprise; loans – or loan/grant combinations - for working capital, machinery and equipment, or other business improvements; pre-development studies; economic development planning projects; and public facilities, infrastructure, or public services supporting economic development. Funds can be used by a community or its subgrantee to assist economic development projects with planning, design and engineering, construction, rehabilitation, purchase of machinery and capital equipment, working capital, credit refinancing, incumbent workforce training, real estate acquisition, or public services programs.

In an effort to encourage mixed-use development, Business Development Funds may be used in partnership with Housing Development Support Program funds, or other CDBG or non-CDBG funding sources, to undertake building improvements for the non-residential components of mixed-use projects. The allowable uses of MCCF or RRF funds will be determined on a case-by-case basis, depending on the nature of the project and how it will comply with eligibility, national objective and other program requirements. Project proponents are encouraged to contact RRF staff as early as possible in the process.

DHCD anticipates that \$2,880,000 will be available to the Fund during FY 2004: \$2,380,000 will be available from the FY 2004 CDBG allocation, which will be supplemented by an estimated \$500,000 from revolving loan fund program income that DHCD expects to earn during the program year.

a) *Massachusetts Community Capital Fund (MCCF)*

Grant Award Amounts and Requirements

- MCCF loans are made to individual businesses or eligible entities via the municipality. Funds can be used for real estate acquisition, new construction and rehabilitation, purchase of machinery and capital equipment, working capital, and credit refinancing.
- Applications will be accepted on an ongoing basis throughout the year.
- DHCD reserves the right to limit the number of applications a community may submit in one fiscal year.
- MCCF will fund up to one-third (1/3) of the total project costs.
- Financing to a given borrower will be limited to \$500,000 in a fiscal year.

- The minimum financial assistance to a given borrower will be \$100,000.
- The Director of the Department of Housing and Community Development may waive program guidelines to allow for:
 - awards greater than 1/3 of total project costs
 - financing above \$500,000
 - financing below \$100,000

The applicant would need to demonstrate extraordinary circumstances and a strong rationale in order to receive any of these waivers. If the applicant anticipates the need for a waiver, it will be necessary to review all factors leading to this request with appropriate CDBG staff.

- Program Income from the repayment of MCCF loans has been and/or will be deposited in a revolving loan fund account established under Community Development Block Grant regulations and remain with DHCD. The amount of program income available may vary if MCCF loans are either prepaid or the borrower defaults on payments.
- The amount requested/awarded may also include program administration costs to the community.
- Loan repayments will be made to a DHCD authorized agent, as specified in the community's contract with DHCD.
- Loan terms are flexible.

Evaluation and Award Criteria

Application review and awards will be governed by the following criteria, process rules and special requirements. MCCF applicants will be evaluated according to a two-stage process, which consists of (1) preliminary screening and (2) the formal application.

- (1) Preliminary Screening - A project that is potentially able to achieve a national objective will be invited to submit basic financial and business information and a project design. CDBG staff undertake a preliminary screening, which will address the following program requirements:
 - The likelihood that the project will meet a CDBG **national objective**, i.e., either create or retain jobs for low- and moderate-income persons, or eliminate a slum or blighting condition. For projects qualifying under benefit to low- and moderate-income persons, additional evaluation factors include such public benefit considerations as: number of jobs to be created and/or retained; the quality of those jobs as reflected in wage levels and employee benefits; and CDBG dollars per job (\$20,000 per job or less is preferred).
 - **Credit quality** - Evaluation factors include viability of the business or development project, ability to generate cash flow to service debt, and availability of collateral to secure the loan.

- Financial **need for CDBG funds**, with underwriting guidelines established by the US Department of Housing and Urban Development and state policies.
- (2) Formal Application - If a project is deemed likely to fulfill the program requirements, the municipality will be invited to submit a complete application on behalf of the prospective borrower. The three-part analysis above is again reviewed and completed in detail. The applicant community's adherence to relevant federal and state regulations is reviewed. Denial of the application at this stage may result from causes including but not limited to (i) the city's or town's failure to adhere to regulations or the required process, (ii) adverse changes in the project, and (iii) new information about the project.

(b) Ready Resource Fund

Grant Award Amounts and Requirements

- Applicants may apply for a wide range of eligible activities supporting economic development including, but not limited to: planning and pre-development studies; acquisition; micro and small business technical assistance programs and regional revolving loan funds; business technical assistance; public social services related to economic development; and infrastructure and public facilities projects in support of economic development. RRF funds may also be used in tandem with MCCF, where financially appropriate.
- The Ready Resource Fund will assist an organization/entity providing economic development loan funds, if the organization can demonstrate management capacity and has an established track record of providing/servicing such loans.

Ready Resource Fund grants will generally be limited to a maximum of \$400,000. A waiver may be granted by the Director of DHCD to increase the grant to a maximum of \$500,000. There is a \$50,000 cap, inclusive of planning-related general administration, on all planning grants in a Ready Resource Fund (RRF) application.

- Grants are based on an 18-month implementation cycle.
- Applications will be accepted on an ongoing basis throughout the year, based on funding availability.
- A community may receive no more than one Ready Resource Fund grant award in any fiscal year.

Evaluation and Award Criteria

The following criteria, processes, rules and special requirements will govern application review and awards.

RRF applicants will be evaluated according to a two-stage process, which consists of (1) completion of an AIF and initial meeting and (2) the application.

- (1) AIF/Initial Meeting - The applicant must submit an Application Information Form (AIF) before DHCD will consider a Ready Resource Fund application. Upon receipt of the AIF, CDBG staff will schedule an initial informational meeting between program staff, and representative(s) of the municipal government to determine if the proposed project meets basic program requirements.

Following the initial meeting, the applicant community will be notified in writing of the status of its RRF proposal. If the proposed project(s) appears likely to meet all program requirements, and funding remains available, then the community will be invited to submit a full application. If the proposed project(s) is(are) unlikely to meet program requirements, the community may reformulate the project(s) to address identified inconsistencies or deficiencies, and request another meeting. In no case will more than one revision be considered for a proposed project.

- (2) Application - If the proposed project is considered by program staff to be consistent with program requirements, and likely to meet the threshold criteria discussed in Section D: *APPLICANT/PROJECT THRESHOLDS* above, CDBG staff will invite the community to submit an application. If the applicant does not submit an application within three (3) months of the date of the invitation letter, it will be required to submit another AIF and repeat the two-step application process in order for DHCD to further consider the proposed project.

Applications will be reviewed for completeness, documentation of application / project thresholds, and responses to project-specific questions and comments (project conditions) included in DHCD's letter of invitation. To be considered for funding, a proposed activity must meet all thresholds, and must address all project conditions to the satisfaction of DHCD. In the event there are insufficient funds for all eligible applications, DHCD reserves the right to consider Ready Resource applications out of order of receipt based upon a review of the number of jobs to be created or retained, the impact of a project on the local tax base, such as increase in tax revenues, sudden job loss, levels of matching or leveraged funds, or other compelling circumstances.

6. RESERVES

On rare occasion, an exceptionally worthy application may fail to be funded in a competitive round, or DHCD may identify an innovative project that has not been funded with Mass. CDBG resources. A maximum of \$650,000 will be used to fund projects (not necessarily an entire application) which: (1) are consistent with the goals of the Administration but have not been competitive; (2) have not been previously funded due to cases of administrative error or (3) are deemed innovative by DHCD. Innovative projects include those that would not normally be funded through a competitive round and are unlike any project previously funded by DHCD. The maximum grant amount for an innovative project is \$250,000.

Projects must meet CDBG national objective and eligibility requirements, rules and regulations, feasibility, and project threshold score. Thereafter, the Director will make the decision regarding which applications will be funded. Interested parties are to first

contact Lou Martin by telephone at (617) 727-7004, extension 402 or e-mail at Louis.Martin@state.ma.us to discuss projects that may be eligible for "reserves" funding.

7. BRIDGE FINANCING PROGRAM

Program Description

The Bridge Financing Program is a short-term loan program -- up to 18 months -- that enables communities to borrow against the Commonwealth's annual CDBG allocation. DHCD will make up to \$6 million available during FY 2004. Loans will be provided for housing and economic development projects that meet Massachusetts CDBG threshold requirements, national objective criteria, and project evaluation criteria.

Loan Amounts and Requirements

Bridge Financing loan amounts will range from \$250,000 to \$2,000,000. The loan amount will not be included in the \$1 million annual limit that grantees may receive from the Commonwealth's annual CDBG allocation.

Evaluation and Award Criteria

All projects must demonstrate financial feasibility and comply with all applicable Application/Project Threshold Criteria described in Section D.

All housing development and economic development assistance projects will be evaluated according to a two-step application process comprised of: (1) a pre-application form and project meeting and (2) a full application submittal.

(1) Pre-Application/Project Meeting - The applicant must submit a Pre-Application Form before DHCD will consider a full Bridge Financing Program application. Upon receipt and review of the Pre-Application Form, a meeting involving program staff, one or more local official(s) from the applicant community, and at least one member of the project's development team will be scheduled to further discuss the details of the project.

(2) Full Application Submittal - Following the Project Meeting, the applicant community will be notified in writing regarding the status of their project proposal. If it appears likely that the project proposal will meet all program requirements, and funding remains available, then the community will be invited to submit a full application. What constitutes a full application submittal will tend to vary from proposal to proposal, but each invitation letter will specify what the applicant community will be required to submit to DHCD. The applicant community will have up to three (3) months from the date of its invitation letter to submit the full and complete application to DHCD.

Projects must exhibit readiness to proceed, and meet all CDBG requirements. The short-term nature of the Bridge Financing loan limits the types of projects that will be financed.

Loan Security

Each loan will be fully secured by an unconditional, irrevocable line of credit from a commercial lending institution for the full amount of the loan principal and interest. The line of credit shall be provided by the end-recipient of the CDBG Bridge Financing funds, naming the Massachusetts Department of Housing and Community Development as beneficiary/payee. In addition, the line of credit shall be unconditionally available for drawdown by DHCD in the amount of any shortfall within 30 days of the date that the loan fails to meet the agreed repayment schedule, or upon failure of the grantee or borrower to comply with other specified terms and conditions of the loan agreement.

8. 108 LOAN PROGRAM

Program Description

The Section 108 Loan Program allows eligible communities to access federal loan funds for the purpose of aiding revenue-producing development activities. The program provides communities with a source of loan financing for community and economic development efforts involving industrial, service, commercial real estate, and housing or mixed-use projects. Funding is provided to the community to loan to the business or other entity.

The Commonwealth guarantees repayment of the HUD loan, and pledges its future CDBG allocation as collateral. Actual funding will be provided through the sale of notes by the federal Department of Housing and Urban Development.

This year the Commonwealth will pledge up to \$20 million in future CDBG allocations in support of these eligible activities.

Grant Award Amounts and Requirements

- The minimum award from this program is \$500,000 and the maximum is \$5 million. [The loan amount will not be included in the \$1 million annual limit that grantees may receive from the Commonwealth's annual CDBG allocation.]
- In general, awards from the Section 108 Loan cannot exceed 40% of the total project costs. However, DHCD will consider guaranteeing public infrastructure projects to a percentage greater than 40% on a case by case basis;
- DHCD is willing to consider phased projects, with the caveat that the time frame for full implementation is a maximum of five years or less;
- DHCD or HUD may disapprove applications, or approve a reduced guarantee or approve the request with conditions, such as but not limited to additional collateral and guarantees depending on the structure of the proposal; and
- Loan repayments will be made according to federal regulations, paid to the state on the basis of an agreement between the state (DHCD) and the grantee.

Section 108 Guidelines

Eligible activities include:

- Acquisition of developed or undeveloped property;
- Rehabilitation of real property;
- Acquisition, construction, reconstruction, rehabilitation or installation of commercial or industrial buildings, structures, and other real property equipment and improvements;
- Relocation payments and other relocation assistance;
- Site clearance and site preparation and construction of public improvements; and
- Payment of issuance, underwriting, servicing and other private sector financing costs.

Evaluation and Award Criteria

Applicants must contact DHCD prior to submission of an application. A two-stage process for evaluating potential applications is in effect, consisting of a preliminary screening and a formal application. Applicants also need to review the evaluation criteria and the review process information found in the Section 108 Program Application. Applications will be reviewed on a first come, first served basis, provided that threshold criteria are met and funds are available.

Successful applicants will receive project money from HUD, but the Commonwealth guarantees the repayment of the loan. The Commonwealth pledges its future CDBG grant funds to repay the federal government should a non-entitlement recipient of a Section 108 Loan default. DHCD will not pledge other collateral of the Commonwealth in support of proposals. Any additional security required by HUD must come from another source. The state has developed an application that provides for thorough review including the following criteria:

- activity must meet a CDBG National Objective, and Public Benefit standards in the case of economic development projects;
- project goals and activities are clearly defined;
- local efforts are consistent with state's economic development agenda;
- creation of public benefits;
- if the public benefit is jobs, the total number and quality of jobs created or retained;
 - viability and feasibility of the proposed project;
- revenue projections and firm financial information of the proposed activity;
 - revenue source for repayment of the loan must be clearly described and sufficient collateral available to secure the loan, appropriate to the level of exposure and risk;

- application must clearly demonstrate efforts to find conventional financing;
- the amount of financing required and information on any program income that the activity may generate must be included in the application;
- effective and capable management of the proposed activity;
- analysis of primary and secondary economic and fiscal impacts of the proposed activity;
- local community development needs and distress factors as demonstrated by a narrative or a variety of demographic statistics.

Section 108 Loan Activities

DHCD has processed one application that is currently under review by HUD. If the project sponsor proceeds, and the application is successful, DHCD would commit to use the Section 108 Loan Program to secure financing and guarantee loans for the following project during calendar year 2004:

Methuen – Malden Mills: \$5 million guarantee supporting a restructuring of \$93 million in company debt; the financing will result in the retention of 500 jobs.

In addition, DHCD and HUD approved the following Section 108 Loan Guarantee project in 2003.

North Adams - Massachusetts Museum of Contemporary Art (MASS MoCA): Approximate \$4.3 million loan to partially fund real estate development by the non-profit museum foundation. The \$13 million project involves rehabilitation of two buildings. This project is Phase II of the City and MASS MoCA's revitalization plan for one of North Adams' most distressed neighborhoods.

Loan Default

In the event of loan default, DHCD must be prepared to repay the Section 108 loans to HUD out of the Commonwealth's annual CDBG allocation. In addition to a pledge of future CDBG funds, collateral is provided from other sources, and the two noted above will be heavily collateralized with non-CDBG resources. The possibility exists, however, that the loans default and will need to be repaid from the annual allocation. In FY 2004 the potential liability, or repayment total, could be up to \$920,000 in the event of loan default.

If the loans do not default, or if there is default but the collateral is sufficient to cover the loan repayment (or a portion thereof), then DHCD will reallocate all (or part) of the budgeted default amount among other program components.

Please note that DHCD and HUD scrutinize Section 108 projects very carefully since any loan defaults are guaranteed by future CDBG funds and therefore could have a significant and deleterious effect on future year applications of other cities and towns.

9. ADMINISTRATION AND TECHNICAL ASSISTANCE BY DHCD

The Commonwealth of Massachusetts uses CDBG funds for administrative costs incurred by DHCD during the operation of the Massachusetts CDBG Program. As allowed by federal statute, this amount will equal two percent (2%) of the entire annual grant allocation, plus \$100,000.

An additional one percent (1%) of the allocation will be used for direct technical assistance to eligible municipalities for guidance relating to housing, economic development, including downtown revitalization, community development strategy and plan preparation and use, technical assistance training for non-entitlement communities, and additional assistance determined necessary during the program year.

During this fiscal year DHCD will continue to support and upgrade grantees' software and reporting systems. Technical assistance will be available to a cluster of communities for capacity building for downtown revitalization. Assistance will be provided to communities with both deteriorated areas and with downtown organizations that have not been previously supported by DHCD.

In addition, two percent (2%) of program income generated by state CDBG grantees shall be returned to the Mass CDBG Program on a bi-annual basis.

DRAFT ONE-YEAR ACTION PLAN FOR FEDERAL FISCAL YEAR 2004

EXHIBITS

1. LIST OF ENTITLEMENT COMMUNITIES IN MASSACHUSETTS
2. MUNICIPALITIES NOT ELIGIBLE TO APPLY TO COMMUNITY DEVELOPMENT FUND (CDF) I AND II IN FY 2004
3. COMMUNITY WIDE NEEDS SCORES AND PROGRAM ELIGIBILITY
4. COMMUNITY-WIDE NEEDS INDICATORS
5. SUSTAINABLE DEVELOPMENT PRINCIPLES

EXHIBIT 1

**LIST OF ENTITLEMENT COMMUNITIES IN MASSACHUSETTS
As of Federal Fiscal Year 2004**

1.	ARLINGTON	19.	MALDEN
2.	ATTLEBORO	20.	MEDFORD
3.	BARNSTABLE	21.	NEW BEDFORD
4.	BOSTON	22.	NEWTON
5.	BROCKTON	23.	NORTHAMPTON
6.	BROOKLINE	24.	PITTSFIELD
7.	CAMBRIDGE	25.	PLYMOUTH
8.	CHICOPEE	26.	QUINCY
9.	FALL RIVER	27.	SALEM
10.	FITCHBURG	28.	SOMERVILLE
11.	FRAMINGHAM	29.	SPRINGFIELD
12.	GLOUCESTER	30.	TAUNTON
13.	HAVERHILL	31.	WALTHAM
14.	HOLYOKE	32.	WESTFIELD
15.	LAWRENCE	33.	WEYMOUTH
16.	LEOMINSTER	34.	WORCESTER
17.	LOWELL	35.	YARMOUTH
18.	LYNN		

EXHIBIT 2

MUNICIPALITIES NOT ELIGIBLE TO APPLY TO COMMUNITY DEVELOPMENT FUND (CDF) I AND II IN FY 2004

Communities awarded CDF II Grants in FY 2002 or FY 2003 are prohibited from applying for CDF I or II grants in FY 2004, except in the following instances:

- A Community Development Fund II eligible community that has not received a CDF II grant award on its own but which has participated with a Community Development Fund I or Mini-Entitlement community for **housing activities** can apply to CDF II.
- A Community Development Fund II eligible community that has received a CDF II grant award in FY 2002 or FY 2003 on its own may be a participant with a Community Development Fund I, Community Development Fund II or Mini-Entitlement community for **housing activities only**.
- A CDF II eligible community that has successfully administered an FY 2002 or FY 2003 housing related grant on its own may be eligible to be a single or lead applicant for **housing activities only**.
- **Communities with an FY 2004 CWN of 18 or greater may apply to CDF I, regardless of CWN score in years prior to FY 2004.**

DHCD has identified the following communities as ineligible applicants (except as noted above) as a single community for CDF I or CDF II in FY2004; they can apply again for CDF funding in the Fiscal Year noted in parentheses:

BELLINGHAM (2006)

RAYNHAM (2005)

BUCKLAND (2006)

MARSHFIELD (2005)

DALTON (2006)

NORFOLK (2005)

EASTHAMPTON (2006)

SHUTESBURY (2005)

HINGHAM (2006)

SOUTH HADLEY (2006)

MANSFIELD (2005)

EXHIBIT 3

PROGRAM ELIGIBILITY AND COMMUNITY-WIDE NEEDS SCORES

	FY2004 CWN Score	Eligible for CDF I	Eligible for CDF II	FY2004 Mini- Entitlement	Not eligible due to prior year funding
Abington town	17		x		
Acton town	11		x		
Acushnet town	17		x		
Adams town	21	x			
Agawam town	17		x		
Alford town	13		x		
Amesbury town	19			x	
Amherst town	19	x			
Andover town	12		x		
Aquinnah town	23	x			
Ashburnham town	14		x		
Ashby town	15		x		
Ashfield town	13		x		
Ashland town	14		x		
Athol town	21	x			
Auburn town	16		x		
Avon town	20	x			
Ayer town	22	x			
Barre town	18	x			
Becket town	17		x		
Bedford town	10		x		
Belchertown town	17		x		
Bellingham town	13				x
Belmont town	15		x		
Berkley town	12		x		
Berlin town	19	x			
Bernardston town	17		x		
Beverly city	18	x			
Billerica town	16		x		
Blackstone town	18	x			
Blandford town	14		x		
Bolton town	12		x		
Bourne town	20	x			
Boxborough town	10		x		

	FY2004 CWN Score	Eligible for CDF I	Eligible for CDF II	FY2004 Mini- Entitlement	Not eligible due to prior year funding
Boxford town	9		x		
Boylston town	14		x		
Braintree town	18	x			
Brewster town	17		x		
Bridgewater town	13		x		
Brimfield town	18	x			
Brookfield town	22	x			
Buckland	16				x
Burlington town	13		x		
Canton town	14		x		
Carlisle town	11		x		
Carver town	17		x		
Charlemont town	21	x			
Charlton town	13		x		
Chatham town	18	x			
Chelmsford town	14		x		
Chelsea city	23			x	
Cheshire town	17		x		
Chester town	22	x			
Chesterfield town	22	x			
Chilmark town	18	x			
Clarksburg town	16		x		
Clinton town	21	x			
Cohasset town	11		x		
Colrain town	21	x			
Concord town	11		x		
Conway town	14		x		
Cummington town	21	x			
Dalton town	17				x
Danvers town	18	x			
Dartmouth town	18	x			
Dedham town	19	x			
Deerfield town	13		x		
Dennis town	20	x			
Dighton town	16		x		
Douglas town	15		x		
Dover town	9		x		
Dracut town	17		x		
Dudley town	17		x		

	FY2004 CWN Score	Eligible for CDF I	Eligible for CDF II	FY2004 Mini- Entitlement	Not eligible due to prior year funding
Dunstable town	12		x		
Duxbury town	10		x		
East Bridgewater town	17		x		
East Brookfield town	16		x		
East Longmeadow town	14		x		
Eastham town	21	x			
Easthampton town	16				x
Easton town	13		x		
Edgartown town	20	x			
Egremont town	13		x		
Erving town	23	x			
Essex town	19	x			
Everett city	24			x	
Fairhaven town	22	x			
Falmouth town	17		x		
Florida town	22	x			
Foxborough town	14		x		
Franklin town	14		x		
Freetown town	14		x		
Gardner city	21			x	
Georgetown town	14		x		
Gill town	16		x		
Goshen town	17		x		
Gosnold town	23	x			
Grafton town	17		x		
Granby town	13		x		
Granville town	16		x		
Great Barrington town	18	x			
Greenfield town	23			x	
Groton town	12		x		
Groveland town	15		x		
Hadley town	17		x		
Halifax town	17		x		
Hamilton town	14		x		
Hampden town	13		x		
Hancock town	15		x		
Hanover town	13		x		

	FY2004 CWN Score	Eligible for CDF I	Eligible for CDF II	FY2004 Mini- Entitlement	Not eligible due to prior year funding
Hanson town	14		x		
Hardwick town	18	x			
Harvard town	11		x		
Harwich town	22	x			
Hatfield town	17		x		
Hawley town	23	x			
Heath town	18	x			
Hingham town	11				x
Hinsdale town	21	x			
Holbrook town	17		x		
Holden town	13		x		
Holland town	17		x		
Holliston town	14		x		
Hopedale town	18	x			
Hopkinton town	10		x		
Hubbardston town	12		x		
Hudson town	18	x			
Hull town	20	x			
Huntington town	18	x			
Ipswich town	18	x			
Kingston town	18	x			
Lakeville town	14		x		
Lancaster town	18	x			
Lanesborough town	18	x			
Lee town	22	x			
Leicester town	16		x		
Lenox town	20	x			
Leverett town	13		x		
Lexington town	11		x		
Leyden town	13		x		
Lincoln town	13		x		
Littleton town	13		x		
Longmeadow town	11		x		
Ludlow town	17		x		
Lunenburg town	14		x		
Lynnfield town	10		x		
Manchester-by-the- Sea town	15		x		
Mansfield town	14				x

	FY2004 CWN Score	Eligible for CDF I	Eligible for CDF II	FY2004 Mini- Entitlement	Not eligible due to prior year funding
Marblehead town	14		x		
Marion town	15		x		
Marlborough city	18			x	
Marshfield town	14				x
Mashpee town	18	x			
Mattapoisett town	13		x		
Maynard town	18	x			
Medfield town	9		x		
Medway town	13		x		
Melrose city	14		x		
Mendon town	15		x		
Merrimac town	18	x			
Methuen town	22			x	
Middleborough town	18	x			
Middlefield town	20	x			
Middleton town	14		x		
Milford town	22	x			
Millbury town	18	x			
Millis town	14		x		
Millville town	18	x			
Milton town	15		x		
Monroe town	24	x			
Monson town	15		x		
Montague town	21	x			
Monterey town	17		x		
Montgomery town	13		x		
Mount Washington town	14		x		
Nahant town	14		x		
Nantucket town	22	x			
Natick town	15		x		
Needham town	11		x		
New Ashford town	11		x		
New Braintree town	16		x		
New Marlborough town	18	x			
New Salem town	16		x		
Newbury town	13		x		
Newburyport city	18	x			

	FY2004 CWN Score	Eligible for CDF I	Eligible for CDF II	FY2004 Mini- Entitlement	Not eligible due to prior year funding
Norfolk town	9				x
North Adams city	22			x	
North Andover town	15		x		
North Attleborough town	15		x		
North Brookfield town	20	x			
North Reading town	15		x		
Northborough town	14		x		
Northbridge town	16			x	
Northfield town	17		x		
Norton town	14		x		
Norwell town	13		x		
Norwood town	18	x			
Oak Bluffs town	23	x			
Oakham town	13		x		
Orange town	21	x			
Orleans town	18	x			
Otis town	18	x			
Oxford town	17		x		
Palmer town	22	x			
Paxton town	12		x		
Peabody city	18	x			
Pelham town	13		x		
Pembroke town	14		x		
Pepperell town	13		x		
Peru town	17		x		
Petersham town	19	x			
Phillipston town	18	x			
Plainfield town	22	x			
Plainville town	17		x		
Plympton town	13		x		
Princeton town	10		x		
Provincetown town	25	x			
Randolph town	18	x			
Raynham town	14				x
Reading town	14		x		
Rehoboth town	13		x		
Revere city	23			x	

	FY2004 CWN Score	Eligible for CDF I	Eligible for CDF II	FY2004 Mini- Entitlement	Not eligible due to prior year funding
Richmond town	12		x		
Rochester town	13		x		
Rockland town	21	x			
Rockport town	19	x			
Rowe town	19	x			
Rowley town	14		x		
Royalston town	20	x			
Russell town	22	x			
Rutland town	13		x		
Salisbury town	21	x			
Sandisfield town	14		x		
Sandwich town	13		x		
Saugus town	18	x			
Savoy town	21	x			
Scituate town	14		x		
Seekonk town	18	x			
Sharon town	11		x		
Sheffield town	17		x		
Shelburne town	22	x			
Sherborn town	10		x		
Shirley town	16		x		
Shrewsbury town	13		x		
Shutesbury town	13				x
Somerset town	17		x		
South Hadley town	17				x
Southampton town	12		x		
Southborough town	11		x		
Southbridge town	22			x	
Southwick town	14		x		
Spencer town	21	x			
Sterling town	11		x		
Stockbridge town	17		x		
Stoneham town	18	x			
Stoughton town	17		x		
Stow town	11		x		
Sturbridge town	16		x		
Sudbury town	10		x		
Sunderland town	21	x			
Sutton town	13		x		

	FY2004 CWN Score	Eligible for CDF I	Eligible for CDF II	FY2004 Mini- Entitlement	Not eligible due to prior year funding
Swampscott town	15		x		
Swansea town	17		x		
Templeton town	18	x			
Tewksbury town	13		x		
Tisbury town	24	x			
Tolland town	16		x		
Topsfield town	9		x		
Townsend town	14		x		
Truro town	23	x			
Tyngsborough town	14		x		
Tyringham town	8		x		
Upton town	13		x		
Uxbridge town	15		x		
Wakefield town	15		x		
Wales town	21	x			
Walpole town	14		x		
Ware town	21	x			
Wareham town	22	x			
Warren town	21	x			
Warwick town	22	x			
Washington town	15		x		
Watertown town	18	x			
Wayland town	11		x		
Webster town	21	x			
Wellesley town	9		x		
Wellfleet town	20	x			
Wendell town	16		x		
Wenham town	11		x		
West Boylston town	17		x		
West Bridgewater town	19	x			
West Brookfield town	17		x		
West Newbury town	12		x		
West Springfield town	22			x	
West Stockbridge town	17		x		
West Tisbury town	17		x		
Westborough town	10		x		
Westford town	9		x		

	FY2004 CWN Score	Eligible for CDF I	Eligible for CDF II	FY2004 Mini- Entitlement	Not eligible due to prior year funding
Westhampton town	14		x		
Westminster town	13		x		
Weston town	10		x		
Westport town	15		x		
Westwood town	10		x		
Whately town	14		x		
Whitman town	18	x			
Wilbraham town	13		x		
Williamsburg town	18	x			
Williamstown town	16		x		
Wilmington town	15		x		
Winchendon town	21	x			
Winchester town	11		x		
Windsor town	17		x		
Winthrop town	18	x			
Woburn city	18	x			
Worthington town	16		x		
Wrentham town	10	x			

EXHIBIT 4

COMMUNITY-WIDE NEEDS INDICATORS

MUNICIPALITY: COUNTY:		Score	2000(02) Raw Number	Percent	Quartile	Maximum Possible Points		
A. INDIVIDUAL FACTORS						15.0	0.00	
Low/moderate income persons (US Census, 2000 universe: 0).....				0	0.0	0	12.5	0.00
Unemployment rate (average annual 2002)				0	0.0	0	2.5	0.00
B. COMMUNITY FACTORS						10	0.00	
% households w/housing cost burden>=30% of household income (US Census, 2000 universe: 0) 0				0	0.0	0	3.75	0.00
Total levy per capita, % of per capita income (2002 DOR, US Census estimate, 2000 US Census) \$ 0				0	0.0	0	3.75	0.00
Units built prior to 1940, % of total units (US Census 2000 universe: 0)				0	0.0	0	2.5	0.00
A and B						25		

EXHIBIT 5

Commonwealth of Massachusetts
OFFICE FOR COMMONWEALTH
DEVELOPMENT



Mitt Romney, Governor ♦ Kerry Healey, Lt. Governor ♦ Douglas I. Foy, Chief

Enhancing Our Commonwealth

The Office for Commonwealth Development is dedicated to careful stewardship of our natural resources, wise investment in public infrastructure and the expansion of opportunity for all our residents. The beauty and bounty of Massachusetts are the result of decisions made in past generations; our choices today must create value and opportunity for all our residents now and in the future. To improve the health and wealth of all our communities, we must draw together the creativity of our people, the vitality of markets, the resources of government, and the natural treasures we have inherited to design and build communities of diversity and delight for Massachusetts.

The quality of life in all of Massachusetts depends upon growth decisions made in each unique community. Planning for growth in a vibrant Commonwealth means working with those communities to integrate the diverse needs for housing, jobs, services, transportation and historic, cultural, and natural resources. In order to achieve these objectives, the Office for Commonwealth Development will:

- Encourage the coordination and cooperation of all agencies.
- Invest public funds wisely in smart growth and equitable development.
- Give priority to investments that will deliver living wage jobs, transit access, housing, open space, and community-serving enterprises.
- Be guided by the following principles:
 1. **Redevelop first.** Support the revitalization of town centers and neighborhoods. Encourage reuse and rehabilitation of existing infrastructure rather than the construction of new infrastructure in undeveloped areas. Give preference to redevelopment of brownfields, preservation and reuse of historic structures and rehabilitation of existing housing and schools.
 2. **Concentrate development.** Support development that is compact, conserves land, integrates uses, and fosters a sense of place. Create walkable districts mixing commercial, civic, cultural, educational and recreational activities with open space and housing for diverse communities.

3. **Be fair.** Promote equitable sharing of the benefits and burdens of development. Provide technical and strategic support for inclusive community planning to ensure social, economic, and environmental justice. Make regulatory and permitting processes for development clear, transparent, cost-effective, and oriented to encourage smart growth and regional equity.
4. **Restore and enhance the environment.** Expand land and water conservation. Protect and restore environmentally sensitive lands, natural resources, wildlife habitats, and cultural and historic landscapes. Increase the quantity, quality and accessibility of open space. Preserve critical habitat and bio-diversity. Promote developments that respect and enhance the state's natural resources.
5. **Conserve natural resources.** Increase our supply of renewable energy and reduce waste of water, energy and materials. Lead by example and support conservation strategies, clean power and innovative industries. Construct and promote buildings and infrastructure that use land, energy, water and materials efficiently.
6. **Expand housing opportunities.** Support the construction and rehabilitation of housing to meet the needs of people of all abilities, income levels and household types. Coordinate the provision of housing with the location of jobs, transit and services. Foster the development of housing, particularly multifamily, that is compatible with a community's character and vision.
7. **Provide transportation choice.** Increase access to transportation options, in all communities, including land and water based public transit, bicycling, and walking. Invest strategically in transportation infrastructure to encourage smart growth. Locate new development where a variety of transportation modes can be made available.
8. **Increase job opportunities.** Attract businesses to locations near housing, infrastructure, water, and transportation options. Expand access to educational and entrepreneurial opportunities. Support the growth of new and existing local businesses.
9. **Foster sustainable businesses.** Strengthen sustainable natural resource-based businesses, including agriculture, forestry and fisheries. Strengthen sustainable businesses. Support economic development in industry clusters consistent with regional and local character. Maintain reliable and affordable energy sources and reduce dependence on imported fossil fuels.

10. **Plan regionally.** Support the development and implementation of local and regional plans that have broad public support and are consistent with these principles. Foster development projects, land and water conservation, transportation and housing that have a regional or multi-community benefit. Consider the long-term costs and benefits to the larger commonwealth.

s:\conplan\fy04\draft_04_actionplan2.doc

2. HOME Program

MASSACHUSETTS HOME PROGRAM ONE-YEAR ACTION PLAN FOR FEDERAL FISCAL YEAR 2004

The Department of Housing and Community Development will receive an allocation of approximately \$17,000,000 in HOME funds in federal fiscal year 2004. DHCD plans to reserve 10% of the total allocation for administrative purposes, and award the majority of the \$15.3 million through competitive funding rounds.

DHCD will continue to award its rental funds through a competitive RFP process and its homeownership funds on a rolling basis to best benefit and accommodate the needs of cities and towns throughout the Commonwealth. DHCD will award federal fiscal year HOME program funds to two program types: multi-family rental loans and homebuyer assistance. Eligible applicants for HOME funds are municipalities, non-profit agencies (including CHDOs as defined by HUD), and for-profit developers. Note: A minimum of 15% of the federal FY 2004 allocation will be reserved for CHDOs serving as owners, sponsors, or developers of rental production projects or project-based first-time homebuyer projects. The Director of DHCD reserves the right to consider geographic distribution in making funding decisions for the 15% CHDO set-aside. DHCD will continue its practice of encouraging CHDOs to participate in the HOME program.

Allocation of Funds

DHCD will continue its past practice of seeking to competitively award HOME funds in those areas of the Commonwealth that do not receive HOME funds as a result of entitlement community or HOME consortium designation. DHCD will competitively award HOME funds for purchaser-based first-time homebuyer and rental loan projects in entitlement communities that provide a match for DHCD administered HOME funds. DHCD will award HOME funds for project-based homebuyer assistance on a rolling basis.

During federal FY 2004 DHCD anticipates the following approximate amounts will be awarded through a competitive RFP process, dependent upon the level of demand in each program category:

\$10 million - rental loan program

\$1 million – purchaser-based first-time homebuyers program

DHCD anticipates an approximate award amount of \$4.3 million to project-based first-time homebuyers program.

During federal FY 2004 DHCD anticipates that up to \$2 million of the \$10 million in rental funds may be awarded on a rolling basis to assist suburban cities and towns in facilitating the new production of affordable rental properties through the Suburban Rental Development Pilot Production Program. The pilot program will provide intensive technical assistance from the Massachusetts Housing Partnership Fund (MHP), pre-development funding through DHCD and MHP and permanent financing from DHCD and

MHP. The community also must contribute to the project, but no additional capital subsidy sources will be permitted.

Evaluation Criteria for HOME Projects

DHCD will continue to competitively award HOME funds for Rental Loan Projects. HOME entitlement communities must provide a match for projects seeking DHCD administered HOME funds.

The following criteria are used to evaluate projects:

- strength of overall concept
- strength of development team
- demonstrated need for project in the target neighborhood
- suitable site and design
- appropriate scopes of rehabilitation or construction
- appropriate total development cost for properties included in proposal
- financial viability of the project
- degree of local support, including local funding commitments
- evidence of readiness to proceed
- evidence of satisfactory progress on previously funded projects.
- certification with Executive Order 418
- incorporation of sustainable development principles.

The following terms and conditions apply to all HOME competitively awarded multi-family rental projects:

Eligible Borrowers:	For profit developers; non-profit developers; non-profit organizations designated as CHDOs; municipalities in cooperation with any of the above.
Eligible Activities:	Acquisition and/or rehabilitation of existing structures for multi-family rental use, including distressed or failed properties, or the new construction of multi-family rental projects. Minimum project size of 5 HOME-assisted units.
Maximum Loan Amount:	DHCD will award up to \$750,000 per project and up to \$50,000 per HOME-assisted unit in HOME entitlement/consortium communities. In non-entitlement or non-consortium communities, the maximum loan is up to \$65,000 per HOME-assisted unit.
Match Requirement:	Projects located in HOME entitlement or consortium communities should include a commitment of local funds. If an application is submitted without a full match, it may not be scored. In general, preference will be given to applications with full match commitments.
Cost/Fee Limits:	Projects with Total Development Costs in excess of \$155,000

		per unit may not be scored. Developer Fee + overhead may not exceed 12.5% of a project's Total Development Cost (with the exception of applicants also seeking LIHTC).
Security:		All HOME loans will be secured by a mortgage on the property. HOME funds are often subordinate to other loans; the subordinate position will depend upon the financial structure of the deal.
Affordability:		All units receiving HOME assistance must be occupied by households earning no more than 60% of the area median income and affordable to households earning 65% of the area median income. At least 20% of the HOME units must be affordable to households earning no more than 50% of area median income.
Holdback Feature:		DHCD provides HOME funds through a simple requisition process and holds back 10% of the HOME award until the project is substantially complete.
Term of Loan:		Loans will be for 30 years. During the final year of a loan, the owner may request an extension of up to 30 years in order to maintain the affordability of the housing.
Recourse:		The loans will be non-recourse.
Interest Rate:		Generally, DHCD HOME loans are deferred payment loans with zero percent interest rates. DHCD reserves the right to assign a higher rate of interest to any HOME loan. HOME loans to projects receiving allocations of Low Income Housing Tax Credits are made at the Applicable Federal Rate (or higher) as required by the Tax Credits program.
Debt Coverage Ratio:		DHCD expects HOME projects to have minimum debt coverage ratios of approximately 1.15 in year one.
Environmental:		An ASTM Phase One environmental site assessment must be completed and submitted for each property within the project, either with the application or as part of the loan closing.
Lead Requirements:	Paint	HUD Federal lead-based paint regulations at 24 CFR Part 35 apply to all projects that are awarded HOME monies.

Handicapped Accessibility:	For the new construction of any units or the substantial rehabilitation of 15 or more units of multi-family housing, Section 504 requires that 5% of the units (but not less than 1 unit) be accessible to individuals with mobility impairments and an additional 2% of the units (but not less than 1 unit) be accessible to individuals with sensory impairments. For moderate rehabilitation of 15 or more units, Section 504 also requires to the maximum extent feasible that the units be accessible to and usable by individuals with handicaps.
Good Standing at DHCD:	Applicants for HOME funds, including all members of their development teams, must be in good standing with DHCD with respect to other DHCD-assisted projects.
Application Fees:	The application fee for non-profit developers is \$300 per project; the fee for for-profit developers is \$600 per project.

The Suburban Rental Development Pilot Production Program will be particularly tailored to the needs of each individual community. Communities will be selected based on the need for rental housing production. Home entitlement communities are excluded from the pilot, as well as communities that are not "housing certified" under Executive Order 418. Each community selected under the pilot will enter into an agreement regarding the project schedule and the milestones to be met, MHP's continued provision of technical assistance and the commitment of any HOME and MHP financing will be contingent on the achievement of the milestones.

The following terms and conditions will apply to all HOME-funded Suburban Rental Development Pilot Production projects:

Eligible Borrowers	For-profit and non-profit developers.
Eligible Properties	New construction or rehabilitation of properties that have been vacant for more than six months for multi-family rental use. Minimum project size is five units. Minimum number of affordable units is three. Minimum number of bedrooms per affordable unit is two.
First Mortgage	Permanent debt financing from MHP secured by a first mortgage.
Term/Amortization of First Mortgage	Maximum term of 20 years, fully amortizing over a maximum of 30 years. A prepayment penalty will be assessed if the loan is prepaid in whole or in part prior to maturity.
Loan-to-Value Ratio	First mortgage loan must be no higher than 85% of the lower of total development cost (TDC) or appraised value. The deferred payment loans will be used to fund the gap between the first mortgage and the TDC.

Recourse	First mortgage loan will be recourse to the borrower; guarantees may also be required.
Prepayment of First Mortgage	No prepayment will be allowed within the first ten years after the loan is closed, and thereafter prepayment is only allowed provided that arrangements satisfactory to the MHP Fund for the continuation of the affordability restrictions at the property are made. Payment of a yield maintenance premium will also be required.
HOME Subsidy Amount	Subsidy limits will vary by unit size and location, following federal HOME limits. DHCD will provide up to \$1 million per project and up to the maximum HOME per unit subsidy limit.
HOME Subsidy Security	All HOME loans will be secured by a mortgage on the property, subordinate to the MHP first mortgage loan.
Term of HOME Loan	Loans will be 30-year, 0%, deferred payment loans. The loans will be non-recourse.
HOME Affordability	At least 20% of the units must be affordable to households earning less than 50% of the area median income. A maximum of 80% of the units must be affordable to households earning 65% of area median income, unless project-based Section 8 is made available to the project. The project must remain affordable for 30 years, regardless of whether the loan is prepaid.
MHP Subsidy Amount	MHP will provide up to \$500,000 per project and up to \$40,000 per affordable unit.
MHP Subsidy Security	All MHP subsidy loans will be secured by a mortgage on the property, subordinate to the MHP first mortgage loan.
Term of MHP Subsidy	Loans will 20-year, 0%, deferred payment loans.
Other Capital Subsidy	The community must contribute to the project (i.e., contribution of cash or land, permitting assistance, etc.). No additional capital subsidy sources are permitted.
Debt Coverage Ratio	Minimum debt coverage ratio of 1.10x; 1.15x for properties with fewer than 20 units.
Operating Subsidy	DHCD will make available project-based Section 8 for up to 25% of the units in a project with rents at the maximum allowable payment standard. Local housing authorities also will be encouraged to make project-based Section 8 available.
Developer Fees	Developer fees, overhead, and consultant fees will be limited to a maximum of 10% of the TDC, net of such fees.

Environmental:	An ASTM Phase One environmental site assessment must be completed and submitted for each property within the project, either with the application or as part of the loan closing.
Lead Paint Requirements:	HUD Federal lead-based paint regulations at 24 CFR Part 35 apply to all projects that are awarded HOME monies.
Handicapped Accessibility:	For the new construction of any units or the substantial rehabilitation of 15 or more units of multi-family housing, Section 504 requires that 5% of the units (but not less than 1 unit) be accessible to individuals with mobility impairments and an additional 2% of the units (but not less than 1 unit) be accessible to individuals with sensory impairments. For moderate rehabilitation of 15 or more units, Section 504 also requires to the maximum extent feasible that the units be accessible to and usable by individuals with handicaps.
Application Fees	No application fee. After initial underwriting, an inspection fee may be required before proceeding with a site inspection and final underwriting. The commitment fee is 1.5% of MHP's combined first mortgage and subsidy mortgage amount.

The following criteria are used to evaluate first-time homebuyer projects:

- strength of overall concept
- strength of development team
- demonstrated need for project in the target neighborhood
- suitable site and design
- appropriate scopes of rehabilitation or construction
- appropriate total development cost for properties included in proposal
- appropriate sales prices and affordability analyses included in proposal
- evidence of marketability and buyer selection plan included in proposal
- degree of local support, including local funding commitments
- evidence of readiness to proceed
- evidence of satisfactory progress on previously funded projects
- certification with Executive Order 418
- incorporation of smart growth and sustainable development principles.

The following terms and conditions apply to all HOME-funded project-based first-time homebuyer projects:

Eligible Borrowers:	For profit developers; non-profit developers; non-profit organizations designated as CHDOs; municipalities in cooperation with any of the above.
Eligible Activities:	Acquisition and/or rehabilitation of existing structures for sale to income eligible first-time homebuyers, including distressed or failed properties, or the new construction of

	homeownership projects. Minimum project size of 3 HOME-assisted ownership units, which must be secured with a signed Purchase & Sale Agreement at the time of application.
Eligible Properties:	Eligible property types are 1-4 family residences, condominiums and manufactured homes and lots
Maximum Loan Amount:	DHCD will award up to \$750,000 per project and up to \$50,000 per HOME-assisted unit in HOME entitlement/consortium communities. In non-entitlement or non-consortium communities, the maximum loan is up to \$65,000 per HOME-assisted unit.
Match Requirement:	Projects located in HOME entitlement or consortium communities should include a commitment of local funds. If an application is submitted without a full match, it may not be scored. In general, preference will be given to applications with full match commitments.
Cost/Fee Limits:	Projects with Total Development Costs exceeding the recommended TDC limit of \$155,000 per unit may not be scored. The total of the Developer Fee + Developer Overhead may not exceed 12.5% of the project's TDC.
Security:	All HOME loans will be secured by a mortgage on the property. HOME funds are often subordinate to other loans; the subordinate position will depend upon the financial structure of the deal. Upon sale of a unit in accordance with the terms of the loan and execution of a deed rider by an income-eligible first-time homebuyer, the principal amount due under the loan is reduced by the amount of HOME funds applicable to the unit.
Affordability:	All first-time homebuyers purchasing HOME-assisted units must earn no more than 80% of the area median income. Each HOME-assisted unit must have an appraised value that does not exceed 95% of the area's median price, as determined by the Single Family Mortgage Limits under Section 203(b). Any HOME-assisted rental units in multi-family properties must be leased to households earning no more than 60% of area median income. These rental units may be leased at the "high" HOME rent. (Please contact DHCD for a list of the 203(b) mortgage limits or go to www.hud.gov/cpd/home/homeweb.html for the maximum rents and household incomes for your community.)
Holdback Feature:	DHCD provides HOME funds through a simple requisition process and holds back 10% of the HOME award by property until the property is substantially complete.

Term of Loan:	Loans to “Eligible Borrowers” will be for 2 years. By the maturity date, each unit must be sold to income-eligible first-time homebuyers. The length of the Affordable Housing Restriction for the homebuyer is a minimum of 15 years. In the event the homebuyer desires to sell the property prior to the end of the term of the Restriction, certain resale/recapture requirements will apply.
Recourse:	The loans to “Eligible Borrowers” will be non-recourse.
Interest Rate:	Generally, DHCD HOME loans are deferred payment loans with zero percent interest rates.
Environmental:	At a minimum, an ASTM Phase One environmental site assessment must be submitted for each property.
Lead Paint Requirements:	HUD Federal lead-based paint regulations at 24 CFR Part 35 apply to all projects that are awarded HOME monies.
Good Standing at DHCD:	Applicants for HOME funds, including all members of their development teams, must be in good standing with DHCD with respect to other DHCD-assisted projects.
Handicapped Accessibility	Applicants should be sensitive to the need to develop adaptable and/or accessible units in properties that are being newly constructed. In addition, if a buyer or a member of the buyer’s household is handicapped, necessary modifications must be made to ensure accessibility. The costs of the modifications may be passed on to the buyer.
Application Fees:	The application fee for non-profit developers is \$300 per project; the fee for for-profit developers is \$600 per project.

The following terms and conditions apply to all HOME-funded first-time homebuyer acquisition loan programs:

Eligible Applicants:	Non-profit organizations, municipalities or municipalities in cooperation with non-profit developers.
Eligible Activities:	Provision of funds to low-income households for down payment or closing costs assistance.
Maximum Application Amount:	DHCD will award up to \$250,000 per application. Assistance to individual homeowners is limited to 5% of a property’s purchase price up to a maximum of \$10,000.

Match Requirement:	Projects located in HOME entitlement or consortium communities should include a commitment of local funds. If an application is submitted without a full match, it may not be scored. In general, preference will be given to applications with full match commitments.
Security:	All HOME loans will be secured by a second mortgage on each property purchased by an eligible first-time homebuyer
Affordability:	First-time homebuyers receiving a HOME Acquisition Loan may earn no more than 80% of the area median income. Each HOME-assisted unit must have an <i>appraised value</i> that does not exceed 95% of the area's median price, as determined by the Single Family Mortgage Limits under Section 203(b). Any HOME-assisted rental units in multi-family properties must be leased to households earning no more than 60% of area median income. Rental units may be leased at the "high" HOME rent.
Term of Loan:	Loans to homebuyers will be for 5 years during which time the property must remain the buyer's primary place of residence. In the event that a buyer desires to sell the property or refinance with cash out prior to the end of the five year term, certain recapture provisions will apply.
Recourse:	The loans will be recourse to the borrower.
Interest Rate:	First-time Homebuyer Acquisition loans are deferred payment loans with zero percent interest rates.
Environmental:	An environmental checklist and assessment is required to be completed for each property.
Good Standing at DHCD:	Applicants for HOME funds must be in good standing with DHCD with respect to other DHCD-assisted projects.

First-time Homebuyer Resale/Recapture Provisions:

DHCD intends to award approximately \$5.3 million in HOME funds to support first-time homebuyer programs. As in the past, DHCD will provide sponsors of first-time homebuyer programs not located in HOME-entitlement communities with model loan documents. The Commonwealth's HOME program has developed two types of deed riders: the deed rider for purchaser-based assistance calls for recapture only, and the deed rider for project-based assistance calls for resale to an eligible purchaser and recapture only if there is no resale to such a purchaser.

“Recapture only” for purchaser-based assistance has a five-year restriction and the maximum assistance amount is limited to 5% of a property’s purchase price up to a maximum of \$10,000. The recapture provision works as follows: A homeowner wishing to sell a unit within five years of the date of the deed rider may sell the unit to a third party free of any restrictions as long as the assistance amount is paid to DHCD. The recapture amount can never be greater than the net sales proceeds.

“Resale and recapture” for project-based assistance works as follows: A homeowner wishing to sell a unit within 15 years (or greater) of the date of the deed rider, the “Grantor” (i.e., non-profit sponsor/municipality) and DHCD has the right of first refusal to either purchase the unit itself or locate a HOME-eligible first-time homebuyer to purchase the unit within 145 days. A sale to the Grantor, DHCD or a HOME-eligible buyer is at the “Base Price”, which is the sum of the cost of the required appraisal, the purchase price paid by the homeowner, the cost of any approved capital improvements paid by the homeowner, stamp taxes, and a return on the owner’s equity (i.e., original down payment plus one-half of regular principal payments) multiplied by the “Consumer Price Index”.

If neither grantor, DHCD, nor an eligible purchaser buys the unit, it may be sold to any third party at the fair market value and free of restrictions, provided that the “recapture amount” is paid to DHCD. The recapture amount is the greater of the HOME “assistance amount” reduced by one-fifteenth for each full year elapsed since the homeowner purchased the unit, and fifty percent of the amount by which the net sale proceeds (the resale price less allowable secured debt, appraisal cost, broker’s fees, recording costs, and stamp taxes) exceed the sum of the owner’s down payment, principal payments made on allowable secured debt, and approved capital improvement costs. In no event, will the Recapture Amount be greater than the total amount of secured debt on the property plus broker’s feed, recording costs, appraisal costs and excise taxes incurred with the sale of the property. A sale to a market-rate buyer is subject to DHCD approval, and the sale price should reflect the fair market (i.e., unrestricted) value of the unit determined by the appraisal at the time of resale.

ELIGIBLE APPLICANTS FOR HOME FUNDING

PROGRAM COMPONENTS	ELIGIBLE APPLICANTS
Rental Production	Community Housing Development Organization (CHDO) Non-Profit Developer For-Profit Developer Municipal Entity in Partnership with Non-Profit or For-Profit Developer
First-Time Homebuyer Project	Community Housing Development Organization (CHDO) Non-Profit Developer For-Profit Developer Municipal Entity in Partnership with Non-Profit or For-Profit Developer
First-Time Homebuyer Purchaser	Non-Profit Developer Municipal Entity Municipal Entity in Partnership with Non-Profit

HOME Match

The resources for the HOME match continue to be the state-funded Massachusetts Rental Voucher Program and the state's Housing Stabilization Fund (both described in this section of the plan). Annual expenditures through these two programs alone are approximately \$45 million. Since states are permitted to "bank" match, that expenditure level would constitute match -- calculated at 25 cents (\$0.25) on the HOME dollar (\$1.00) -- for many years.

HOME Technical Assistance

DHCD in conjunction with Franke Consulting Group, Massachusetts Housing Partnership Fund, and Citizens' Housing and Planning Association (the "Team") will expend the remaining \$183,000+ balance of its technical assistance funds made available by the U.S. Department of Housing and Urban Development's Community Planning and Development Programs 2001 SuperNOFA. The technical assistance funds were awarded to the team to provide a comprehensive array of technical assistance and training activities to organizations and projects throughout the Commonwealth and across New England through the New England Housing Network.

The Team will continue to provide a wide variety of technical assistance services as we have done with our previous HOME TA award and also plan to establish an series of Peer to Peer Workshops where the participants are given the control of the agenda, and allowed to get together in discussions with their peers and a seasoned HOME TA provider about practical issues. Since HOME is now over 10 years old, many HOME administrators are quite experienced, and don't want to sit through lengthy training sessions that offer too much basic "rules" training and not enough practical information about the day-to-day administrative challenges they have in running the program. The peer session responds to the needs of the experienced administrator

In addition, the team will continue to work closely with the local HUD office to provide technical assistance to organizations it has identified. The team also will continue to be available to perform other activities that assist HUD in meeting its community goals. To that end, our process for selecting which organization will receive technical assistance will be flexible and will incorporate HUD's demand response model.

The Team plus a new member, Hickory Consortium, submitted an application for the 2003 HOME CDTA SuperNOFA. We applied for the regional pool; therefore if successful, we will provide both workshop training and direct TA to Rhode Island, Vermont, New Hampshire and Maine as well as Massachusetts. A major focus of the proposal is the incorporation of the principles of sustainable development throughout the HOME program.

3. Emergency Shelter Grant (ESG) Program

MASSACHUSETTS ESG PROGRAM - FEDERAL FISCAL YEAR 2004

The Commonwealth of Massachusetts has designated the Department of Transitional Assistance (DTA) to distribute Emergency Shelter Grant funding in the state. Working with the U.S. Department of HUD, the Commonwealth revised its procedures for awarding these grants early in 1994, and DTA has continued to use these procedures, as outlined below, for distribution this year.

Process for awarding funds: This year, DTA renewed the grants that were awarded in the previous year. Last year, EOHHS, who was the grantee of the ESG funds, brought a "continuum of care" emphasis to determining awards under the Emergency Shelter Grant (ESG) program (see Appendix L). Pursuant to a directive from the Secretary of EOHHS, the Commonwealth set the following goals for the distribution of ESG funds:

- a.) Maintenance of existing emergency shelter and transitional beds, or addressing unmet sheltering need, including undeserved homeless populations such as homeless youth, where no other funding source exists.
- b.) Reconfiguration of shelter beds towards transitional and permanent housing options, in particular for homeless individuals newly released from, or about to be released from correctional institutions or in need of substance abuse treatment.
- c.) Innovative approaches to increasing permanent, affordable housing options, in particular for homeless families who are present or former recipients of Transitional Assistance to Needy Families (TANF).
- d.) Supportive services to homeless families and individuals which will empower and promote independence.
- e.) Homelessness prevention initiatives.

The above priorities were considered of equal weight and were evaluated in conjunction with the following factors:

- Geographic distribution of awards throughout the state.
- Sustainability to continue programs as ESG funding is reduced.
- Increases/decreases in other funding sources, including state funding.
- Participation of homeless/formerly homeless people in applicant's programs.

Allocation of funds: Notice of funding availability is accomplished through notification of the state agencies' provider networks, notice in state publications and through the Internet Comm-PASS system. Applications received are then reviewed and ranked by the Interagency Task Force for Housing and Homelessness. Following the determination of awards, the appropriate EOHHS agency contracts with those providers, awards funds, and monitors grant activities. DTA now maintains oversight responsibilities for administration of ESG grants by the EOHHS agencies.

All ESG funds thus far have been awarded to non-profit providers; no cities and towns applied for these funds. Awards were made to over 70 grantees in 2002. Funds are distributed in the areas of greatest need, where the homeless population -- individuals and families --- has remained steady in recent years, and continues to need the essential combination of services and shelter in order to make a lasting improvement in their lives. Also taken into consideration is the demonstrated ability of the providers to apply funds cost effectively, within the program's guidelines, and in a timely manner. For further information, contact the Department of Transitional Assistance at (617) 348-5627.

4. Housing Opportunities for Persons with AIDS (HOPWA) Program

MASSACHUSETTS HOPWA - FISCAL YEAR 2004

Selection of Project Sponsors:

The five sponsors of the original five projects initially funded (in 1995) with federal FY 94 HOPWA funds (and with subsequent HOPWA funding) were identified and selected in processes consistent with the Commonwealth's purchase of services (POS) requirements, through either the RFP (request for proposal), or the RFR (request for response) processes, or the sole source/unique provider procurement process. In most instances it was assumed that more than one potential project sponsor would be qualified to administer a proposed program; however, in certain circumstances the AIDS Bureau had been able to utilize the sole source/unique provider process.

During 1999 one of the originally funded projects (the capacity building program called HART—Housing AIDS/Addiction Resource Team—sponsored by Victory Programs, Inc.) was defunded as a result of an RFR process.

During 1997 an additional project (the School Street Community) and its sponsor (the Vinfen Corp.) were identified and selected for funding with the state's HOPWA funds through the state's sole source/unique provider procurement process after consultation with the HOPWA Statewide Advisory Committee (SHAC) and after notifying HUD.

Due to recent POS reforms, however, there are new procedures for RFRs and alternatives to the RFR process are limited. The rules and guidelines for the selection of projects and their sponsors are found in 801 CMR 21.00: PROCUREMENT OF COMMODITIES OR SERVICES, INCLUDING HUMAN AND SOCIAL SERVICES. This information may be found on the internet at www.magnet.state.ma.us/osd.

The AIDS Bureau consults with the Statewide HOPWA Advisory Committee (SHAC) and then notifies HUD prior to using any of these procurement procedures to select and fund new sponsors and/or programs. While the AIDS Bureau expects to continue to fund the three currently funded programs with the state's current and future formula HOPWA grants, the AIDS Bureau, as mentioned elsewhere in this document, will begin a one to two year continuance of the CHIP Program funded with HOPWA dollars. As circumstances change with the epidemic and other conditions, the AIDS Bureau will identify and select new projects sponsors—or perhaps, as was the case with the HART program, discontinue funding—through established POS procedures.

NOTE: The AIDS Bureau follows the FIFO (first in, first out) principle when expending its formula HOPWA allocations; i.e., the entire FFY 94 HOPWA grant was spent before any of FFY 95's grant was spent, and all of FFY 95's grant was spent before any of FFY 96's grant was spent. Because each grant can be spent over a three-year period and because these three-year periods overlap, the FIFO principle continues to be the best way to plan for the expenditure of the state's formula HOPWA funds. During 2001, the AIDS Bureau will complete the spending of its FFY 98 HOPWA grant and begin to expend its FFY 99 grant and FFY 00 grant.

(g) CPD Certifications

See following pages

Certifications (General, CDBG, and HOME)

(a) General

(1) Affirmatively Further Fair Housing - The State will affirmatively further fair housing. It has conducted an analysis of impediments to fair housing choices within the jurisdiction, will take appropriate actions to overcome the effects of any impediments identified through that analysis, and will maintain records reflecting that analysis and actions in this regard.

(2) Anti-displacement and Relocation Plan - It will comply with the acquisition and relocation requirements the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at 49 CFR 24; and it has in effect and is following a residential anti-displacement and relocation assistance plan required under section 104(d) of the Housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under the CDBG or HOME programs.

(3) Drug Free Workplace - It will or will continue to provide a drug-free workplace by:

1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
2. Establishing an ongoing drug-free awareness program to inform employees about:
 - (a) The dangers of drug abuse in the workplace;
 - (b) The grantee's policy of maintaining a drug-free workplace;
 - (c) Any available drug counseling, rehabilitation, and employee assistance programs; and
 - (d) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
3. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph 1;
4. Notifying the employee in the statement required by paragraph 1 that as a condition of employment under the grant, the employee will:

- (a) Abide by the terms of the statement, and
 - (b) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
 - 5. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph 4(b) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant.
 - 6. Taking one of the following actions, within 30 calendars days of receiving notices under subparagraph 4(b), with respect to any employee who is so convicted:
 - (a) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - (b) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state, or local health, law enforcement, or other associated agency;
 - 7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 1, 2, 3, 4, 5 and 6.
- (4) Anti-Lobbying - To the best of the jurisdiction's knowledge and belief.
- 1. No Federal appropriated funds have been paid or will be paid by or on behalf of it to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any Federal contract grant, loan, or cooperative agreements,
 - 2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form "Disclosure Form to Report Lobbying" in accordance with its instructions: and
 - 3. It will require that the language of paragraph (n) of this certification be included in the award documents for all subawards at all tiers (including subcontracts,

subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

- (5) Authority of State - The consolidated plan is authorized under State law, and the jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations.
- (6) Consistency with plan - The housing activities to be undertaken with CDBG, HOME, ESG, and HOPWA funds are consistent with the strategic plan.
- (7) Acquisition and Relocation - The State will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended and the implementing regulations at 49 CFR part 24.
- (8) Section 3 - The State will comply with section 3 of the Housing and Urban Development Act 1968 and implementing regulations at 24 CFR part 135.

(b) Community Development Block Grant Program

The CDBG grantee certifies:

- (1) Citizen Participation - it is in full compliance and following a detailed citizen participation plan that satisfies the requirements of 24 CFR 91.115 and that each unit of general local government that is receiving assistance from the State is following a detailed citizen participation plan that satisfies the requirements of 24 CFR 570.486.
- (2) Consultation with local governments -
 - 1. It has consulted with effective units of local government in the nonentitlement areas of the State in determining the method of distribution of funding;
 - 2. It engages or will engage in planning for community development activities;
 - 3. It provides or will provide technical assistance to units of general local government in connection with community development programs;
 - 4. It will not refuse to distribute funds to any unit of local government on the basis of the particular eligible activity selected by the unit of general local government to meet its community development needs, except that a State is not prevented from establishing priorities in distributing funding on the basis of the activities selected; and
 - 5. Each unit of general local government to be distributed funds will be required to identify its community development and housing needs, including the needs of

the low-income and moderate-income families, and the activities to be undertaken to meet these needs.

- (3) **Community Development Plan** - This consolidated housing and community development plan identifies community development and housing needs and specifies both short-term and long-term community development objectives that provide decent housing, expand economic opportunities primarily for persons of low- and moderate-income. (See 24 CFR 578.2 and 24 CFR part 570)

- (4) **Use of Funds** - It has complied with the following criteria:

1. **Maximum Feasible Priority** With respect to activities expected to be assisted with CDBG funds, it certifies that it has developed its Action Plan so as to give maximum feasible priority to activities, which benefit low- and moderate-income families or aid in the prevention or elimination of slums or blight.

The Action Plan may also include activities, which the grantee certifies are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available.

2. **Overall Benefit**. The aggregate use of CDBG funds including section 108 guaranteed loans during program year(s) 1998-2000 shall principally benefit persons of low- and moderate-income in a manner that ensures that at least 70 percent of the amount is expended for activities that benefit such persons during the designated period;

3. **Special Assessments**. It will not attempt to recover any capital costs of public improvements assisted with CDBG funds including Section 108 loan guaranteed funds by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements.

However, if CDBG funds are used to pay the proportion of a fee or assessment that relates to the capital costs of public improvements (assisted in part with CDBG funds) financed from other revenue sources, an assessment or charge may be against the property with respect to the public improvements financed by a source other than CDBG funds.

In addition, with respect to properties owned and occupied by moderate-income (not low-income) families, an assessment or charge may be made against the property for public improvements financed by a source other than CDBG funds if the State certifies that it lacks CDBG funds to cover the assessment.

- (5) Compliance With Anti-discrimination laws- The grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 USC 2000d), the Fair Housing Act (42 USC 3861-3619), and implementing regulations.
- (6) Excessive Force – The State will require units of general local government that receive CDBG funds to certify that they have adopted and are enforcing:
 - 1. A policy prohibiting the use of excessive force by law enforcement agencies within their jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and
 - 2. A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within its jurisdiction;
- (7) Compliance with Laws – The State will comply with applicable laws.

(d) HOME Program

The State certifies that:

- (1) Eligible Activities and Costs - it is using and will use HOME funds for eligible activities and costs, as described in 24 CFR 92.205 through 92.209 and that it is not using and will not use HOME funds for prohibited activities, as described in 24 CFR 92.214.
- (2) Appropriate Financial Assistance - before committing any funds to a project, it will evaluate the project in accordance with the guidelines that it adopts for this purpose and will not invest any more HOME funds in combination with other Federal assistance than is necessary to provide affordable housing.

Signature of Authorized Official

Date

Name

Title

APPENDIX TO CERTIFICATIONS

INSTRUCTIONS CONCERNING LOBBYING AND DRUG-FREE WORKPLACE REQUIREMENTS:

A. Lobbying Certification

This Certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$10,000 for each such failure.

B. Drug-Free Workplace Certification

By signing and/or submitting this application or grant agreement, the grantee is providing the certification.

The certification is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, HUD, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.

For grantees other than individuals, Alternate I applies (This is the information to which jurisdictions certify).

For grantees that are individuals, Alternate II applies (Not applicable jurisdictions).

Workplace under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.

Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway

department while in operation, State employees in each local unemployment office, performers in concert halls or radio stations.)

If the workplace identified to the agency changes during the performance of the grant the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see paragraph five).

The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant.

Place of Performance (Street address, city, county, state, zip code)

Check _____ if there is workplaces on file that are not identified here: The certification with regard to the drug-free workplace required by 24 CFR part 24, subpart F.

Definitions of terms in the Nonprocurement Suspension and Department common rule and Drug Free Workplace common rule apply to this certification. Grantees' attention is called in particular to the following definitions from these rules:

"Controlled substance" means a controlled substance in Schedules I through V of the Controlled Substances Act (21 U.S. 812) and as further defined by regulation (21 CFR 1308.11 through 1308.16);

"Conviction" means a finding of guilt (including a plea of non-contender) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes:

'Criminal drug statute' means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance;

'Employee' means the employee of a grantee directly engaged in the performance of work under a grant including: (I) all "direct charge" employees (II) all "indirect charge" employees unless their impact or involvement is insignificant to the performance of the

grant and (III) temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement consultants or independent contractors not on the grantee's payroll; or employees of subrecipient or subcontractors in covered workplaces.)

Emergency Shelter Grant Certification

The Emergency Shelter Grant grantee certifies that:

- (1) In the case of assistance involving major rehabilitation or conversion, it will maintain any building for which assistance is used under the ESG program as a shelter for homeless individuals and families for not less than a 10-year period;
- (2) In the case of assistance involving rehabilitation less than that covered under paragraph (d)(1) of this section, it will maintain any building for which assistance is used under the ESG program as a shelter for homeless individuals and families for not less than a three- year period;
- (3) In the case of assistance involving essential services (including but not limited to employment, health, drug abuse, or education) or maintenance, operation, insurance, utilities and furnishings, it will provide services or shelter to homeless individuals and families for the period during which the ESG assistance is provided, without regard to a particular site or structure as long as the same general population is served;
- (4) Any renovation carried out with ESG assistance shall be sufficient to ensure that the building involved is safe and sanitary;
- (5) It will assist homeless individuals in obtaining appropriate supportive services, including permanent housing, medical and mental health treatment, counseling, supervision, and other services essential for achieving independent living, and other Federal, State, local, and private assistance available for such individuals;
- (6) It will obtain matching amounts required under Sec. 576.71 of this title;
- (7) It will develop and implement procedures to ensure the confidentiality of records pertaining to any individual provided family violence prevention or treatment services under any project assisted under the ESG program, including protection against the release of the address or location of any family violence shelter project except with the written authorization of the person responsible for the operation of that shelter;
- (8) To the maximum extent practicable, it will involve, through employment, volunteer services, or otherwise, homeless individuals and families in constructing, renovating, maintaining, and operating facilities assisted under this program, in providing services assisted under the program, and in providing services for occupants of facilities assisted under the program; and
- (9) It is following a current HUD-approved consolidated plan.

Signature of Authorized Official

Date

Name

Title

Housing Opportunities for Persons With AIDS Certification

The Housing Opportunities for Persons With AIDS grantee certifies that:

- (1) Activities funded under the program will meet urgent needs that are not being met by available public and private sources; and
- (2) Any building or structure purchased, leased, rehabilitated, renovated, or converted with assistance under that program shall be operated for not less than 10 years specified in the plan, or for a period of not less than three years in cases involving non-substantial rehabilitation or repair of a building or structure.

Signature of Authorized Official

Date

Name

Title

(h) Monitoring

DHCD and EOHHS recognize and fulfill the monitoring requirements of the four grant programs included in this plan. Monitoring activities are conducted in accordance with the HUD regulations for each program, and may include the following:

1. explanation of grant contract requirements and deadlines to all grantees;
2. field visits to monitor work in progress and completed projects; monitoring is also an excellent opportunity to explore local community development strategies and possibilities and place DHCD assistance in a broader context for local officials.
3. telephone, field visit, or office conference assistance to grantees upon request, or if the agency has identified concerns as a result of a field visit or other technical assistance effort;
4. detailed explanation of ways to improve grant administration procedures should a grantee be having difficulty in meeting contract conditions;
5. ongoing consultation with HUD CPD regional office regarding program status, regulatory and reporting requirements, possible changes in program design, etc.;
6. suspension of grant activities where warranted.

CDBG

The CDBG program holds yearly workshops for applicants to describe the program's aims and requirements, and will be offering additional training in CDBG-related topics. Both CDBG and HOME hold sessions with grantees each year to review all contract conditions, requirements, procedures for requesting payment, etc. CDBG also requires quarterly reports and year-end audits to track activity and progress, and has developed a monitoring system that allows a representative CDBG staff person comprehensive knowledge of all funded activities in any one community. The aim of this effort is to assure the consistent application of program standards and requirements.

Mass. CDBG operational goals include program and project monitoring for progress, program compliance, fiscal management, and fiscal compliance. This process includes ongoing planning, implementation, communication and follow-up between DHCD and its grantees.

The monitoring protocol considers internal controls and processes, use and maintenance of databases and the grant application review cycle. Each of these procedures provides DHCD and grantees with a set of assessment tools for a compliance check.

Monitoring incorporates field visits and desktop reviews that consider progress indicators and submission requirements. Mass. CDBG identifies and completes a risk analysis of all active grantees. This risk analysis assigns a monitoring priority ranking to a grantee.

Based upon the assigned priority, staff develops a monitoring plan. The risk rating system is as follows:

- High Priority - Change in key personnel or a change in findings, repeat findings; questioned or disallowed costs; incorrect/incomplete or late quarterly audit or status of funds reports, no subsequent year's funding, long interval since last monitoring.
- Medium Priority - Change in key personnel or incorrect/incomplete or late quarterly, audit or status of funds reports.
- Low Priority - Good/consistent management for prior 2-years; no findings; accurate, complete, timely reports.

DHCD also considers a variety of other indicators, which can affect the priority score. Examples of factors that will increase a grantee's monitoring priority include status as a new grantee to Mass. CDBG; high risk/complex projects (such as economic development); and multiple projects/multiple grants.

The tools that DHCD uses to monitor are project checklists, desktop reviews, and quarterly reports. Letters outlining findings, corrective actions and/or recommended changes are sent to a municipality's chief elected official in addition to grantee staff.

DHCD standard operating procedures include training and technical assistance to assure effective program implementation and prevent monitoring findings. Mass. CDBG staff makes several on-site visits during the program year to provide technical assistance and pre-monitor projects.

ESG

For ESG, EOHHS is continuing its enhanced reporting requirements requiring dual programmatic and fiscal sign-off by each agency for these reports. EOHHS has also conducted audit preparation reviews on-site at each of its agencies administering ESG funds.

HOME

DHCD will continue to contract with an outside agency to provide monitoring services and technical support to the HOME Program. Under the contract, the consulting agency is required to provide an annual report summarizing its monitoring and other activities.

The primary activity under the contract is the monitoring of recipients who have received funding from DHCD's HOME Program to undertake eligible housing activities. The purpose of the monitoring is to determine if the recipient is implementing the activities in compliance with the HOME regulations and its contractual agreement with DHCD. While regulatory compliance is the primary emphasis, the monitoring also looks for sound management practices and record keeping.

On a periodic basis, DHCD provides the list of sites for review. DHCD selects those project sites that have completed construction and are entering occupancy, as well as program administrators (local governments and not-for-profits) who are due for a review. For each recipient that is subject to a monitoring review, the agency schedules and

conducts an onsite interview of key program staff, review of program files and inspection of a sample of the units produced. The results of the visit are compiled and submitted to DHCD in a draft monitoring letter, offering findings of non-compliance as well as matters of advice to the recipient. DHCD issues the letter and receives responses from the grantee. Additionally, the agency conducts monitoring reviews semi-annually on rental projects with fewer than 25 units. The desk review analyses rent charges, income levels, recertification dates and frequency of HQS inspections.

In addition, the agency supports the HOME Program through program advice on compliance questions and annual trainings.

HOPWA

The HOPWA monitoring protocol includes:

1. The CMAR: Contract Monitoring and Assessment Report.

Submitted three times a year, this is a reporting mechanism required of all housing programs funded by the AIDS Bureau. It gathers various types of information, among them: demographics on the people served (gathered monthly); degree to which goals and objectives are met; composition and training of the staff; and narratives describing a given program's experience.

2. Site visits.

Annual site visits are required. Site visits are frequently conducted more often than once a year for a variety of reasons. Topics covered in site visits typically include: physical inspection of the facility; meetings with the staff members; meetings with residents; random inspection and review of residents' folders not only to ensure eligibility requirements are being met but also that case management activities are appropriate and completed in a timely manner; and a review of items such as house rules, TB screening policy, and universal precautions.

3. Standards of Care.

The AIDS Bureau has published its *Standards of Care: Supportive Housing for Persons Living with HIV/AIDS in Massachusetts*. Compliance with these standards is required of all HIV/AIDS housing programs funded by the AIDS Bureau of DPH. Each funded agency is required to undergo a self-evaluation process that includes the participation of its residents (consumers) and a peer agency; the process is facilitated by a third agency contracted by the AIDS Bureau to provide such specialized technical assistance. The results and recommendations of this process are submitted to the AIDS Bureau and are used not only for quality assurance but also for ongoing monitoring to improve, where needed, compliance with the standards of care.

APPENDIX A

PUBLIC COMMENT ON DRAFT FY 2004 ACTION PLAN

Public Comment Period: October 29, 2003 – November 28, 2003

Public Hearings:

West Springfield: November 14, 2003, 10:00 A.M. – 12:00 P.M.
West Springfield Town Hall
26 Central Street
West Springfield, MA 01089

Boston: November 17, 2003, 10:00 A.M. – 12:00 P.M.
Department of Housing & Community Development
One Congress Street,
10th Floor, Conference Room A
Boston, MA 02114

West Springfield Public Hearing

Attendees Who Testified

Other Attendees

Boston Public Hearing

Attendees Who Testified:

Other Attendees:

Written Testimony Received From:

General Comments: